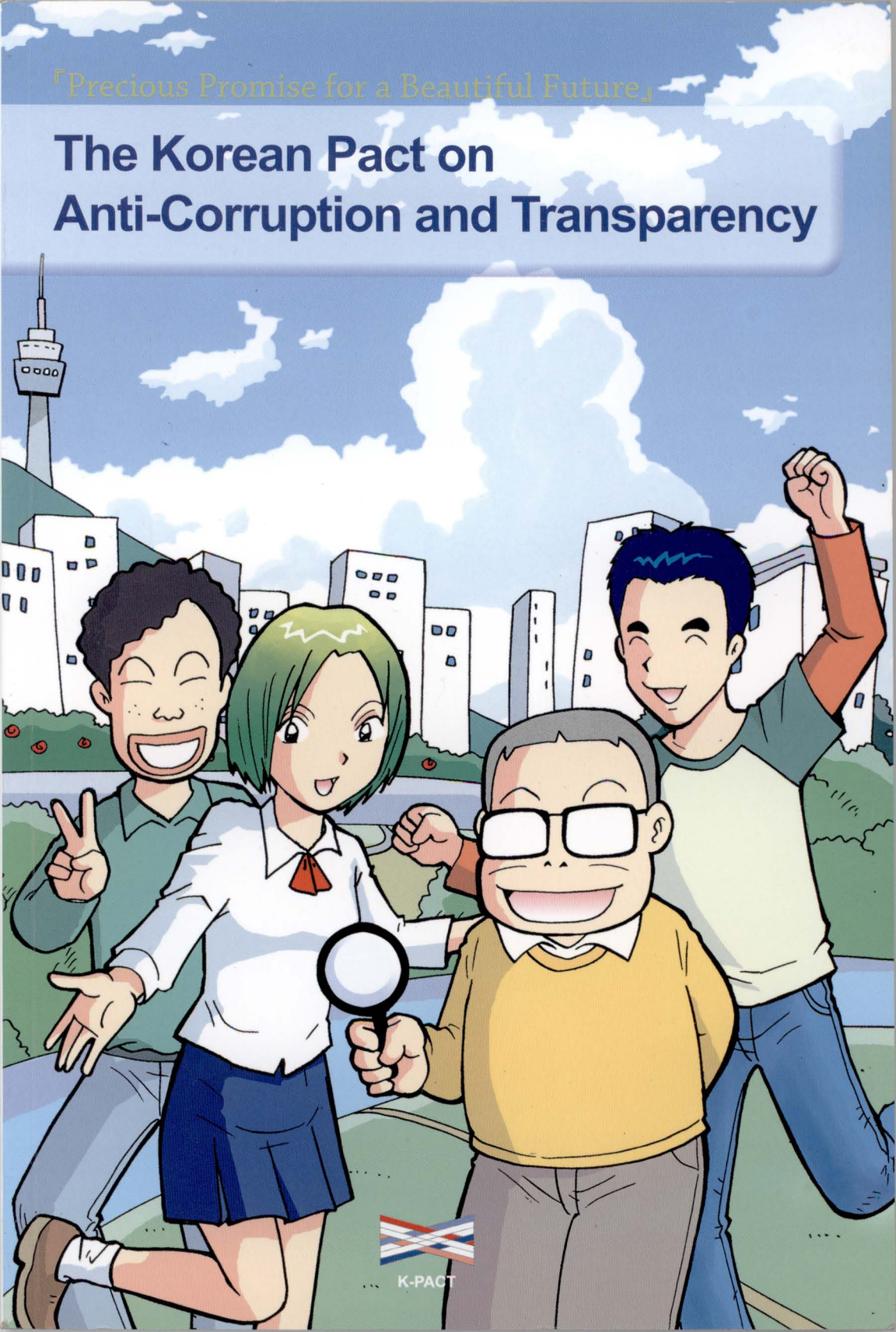
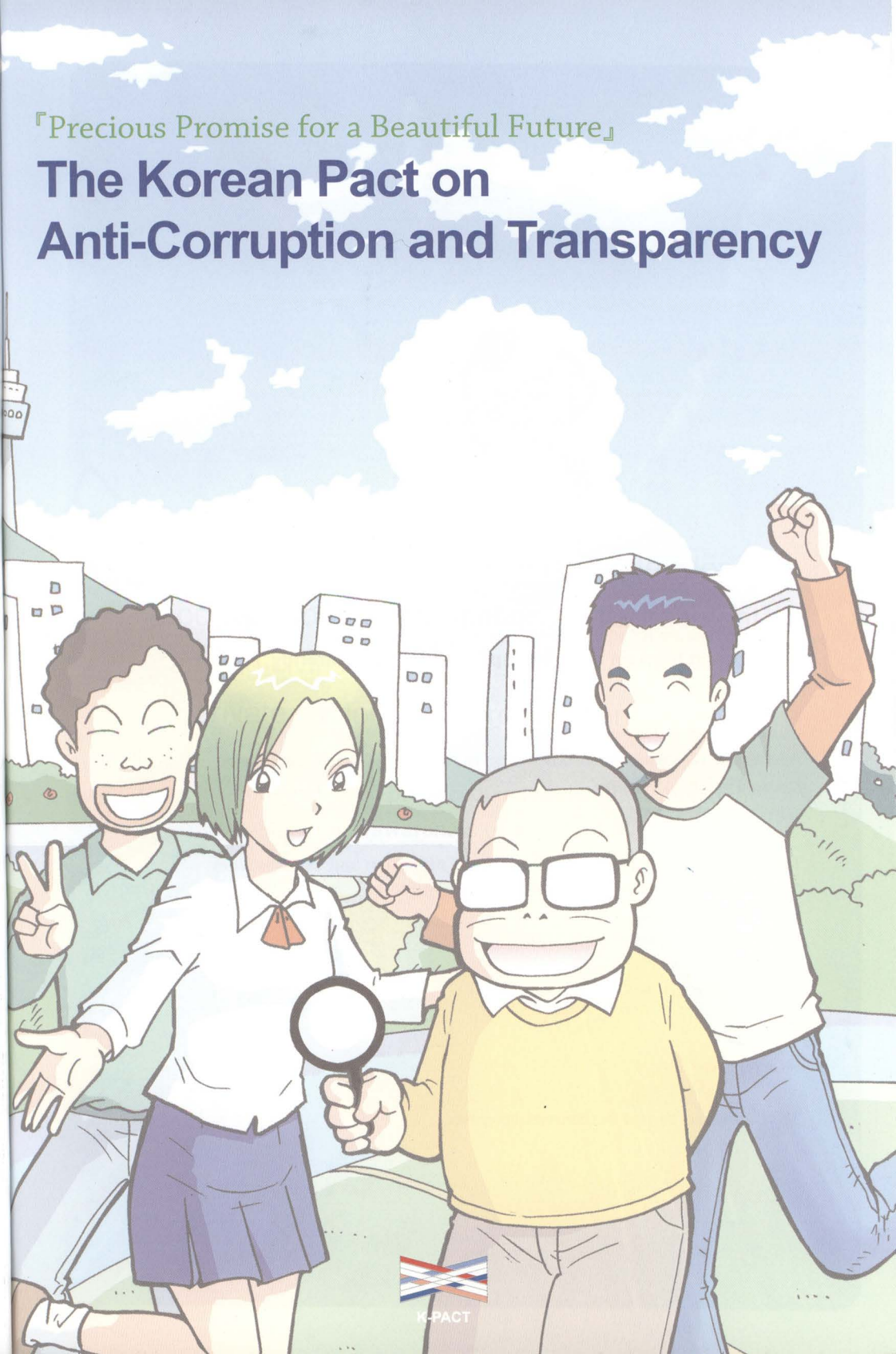
『Precious Promise for a Beautiful Future』

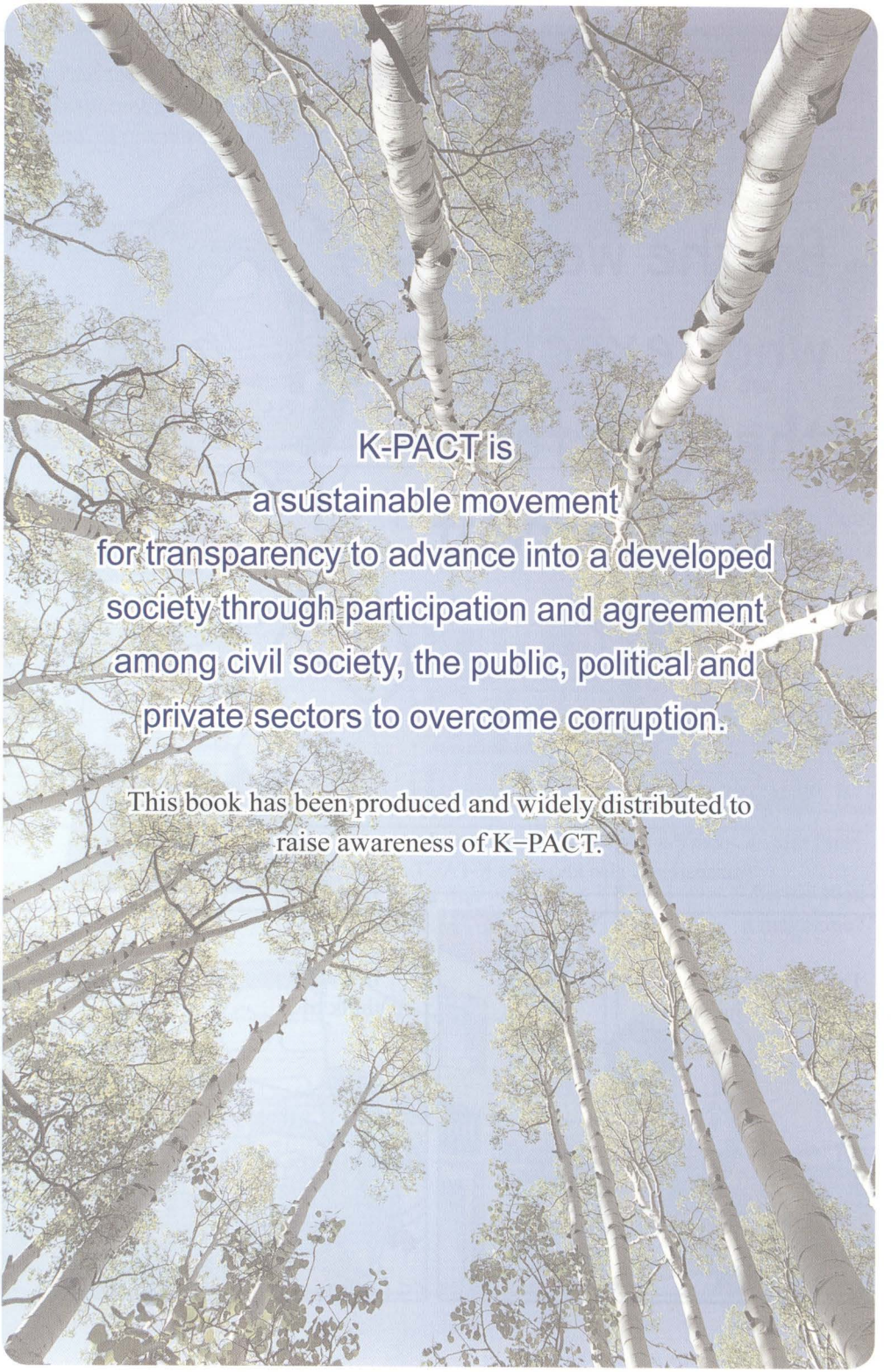
The Korean Pact on Anti-Corruption and Transparency



『Precious Promise for a Beautiful Future』

The Korean Pact on Anti-Corruption and Transparency



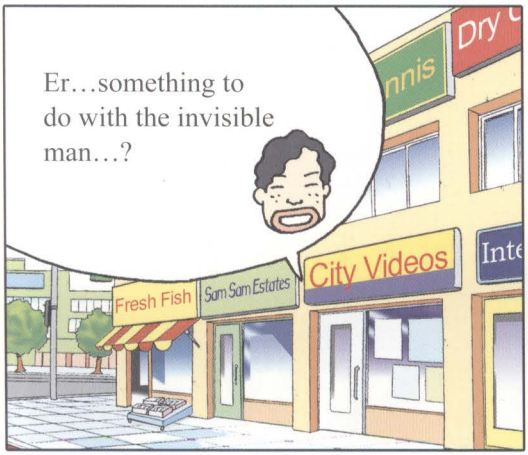


K-PACT is
a sustainable movement
for transparency to advance into a developed
society through participation and agreement
among civil society, the public, political and
private sectors to overcome corruption.

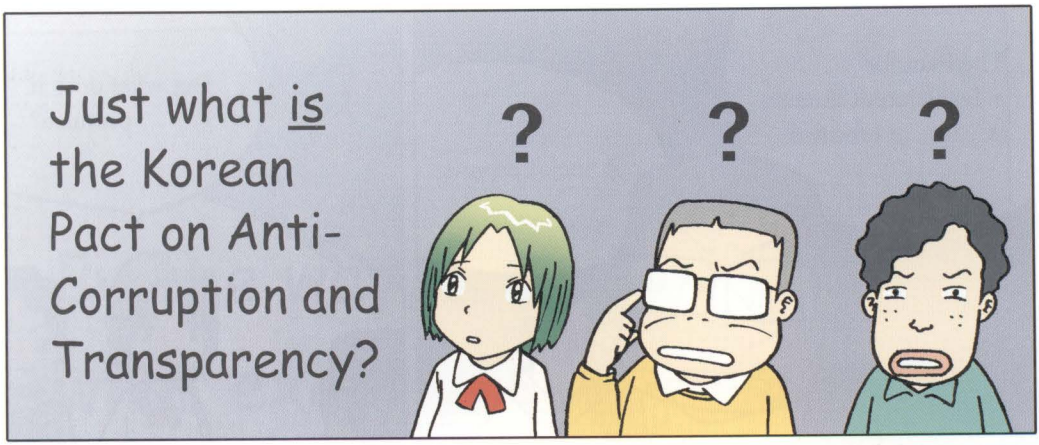
This book has been produced and widely distributed to
raise awareness of K–PACT.

By the way, what exactly is the Pact for a Transparent Society?*

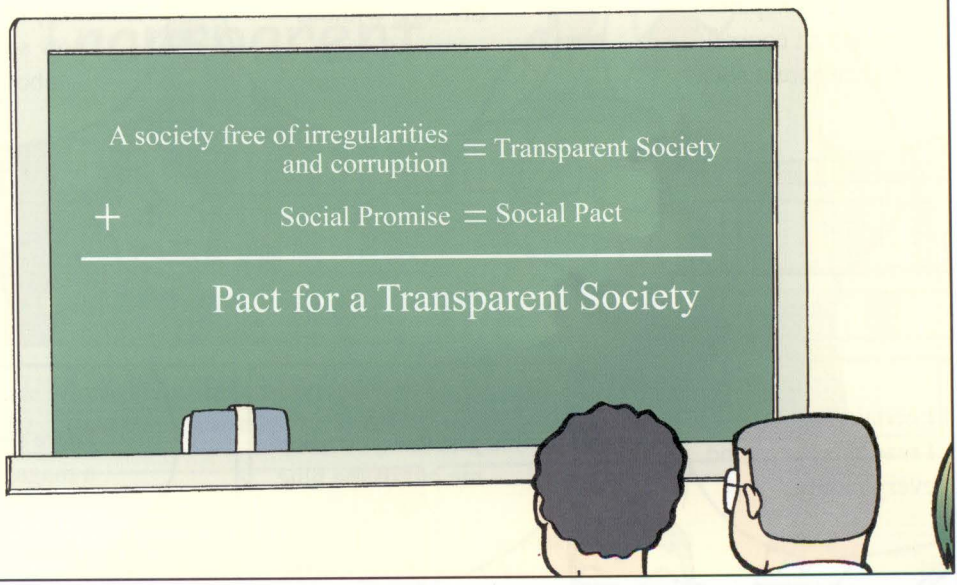
*Full title : Korean Pact on Anti-Corruption and Transparency, also known as K-PACT.

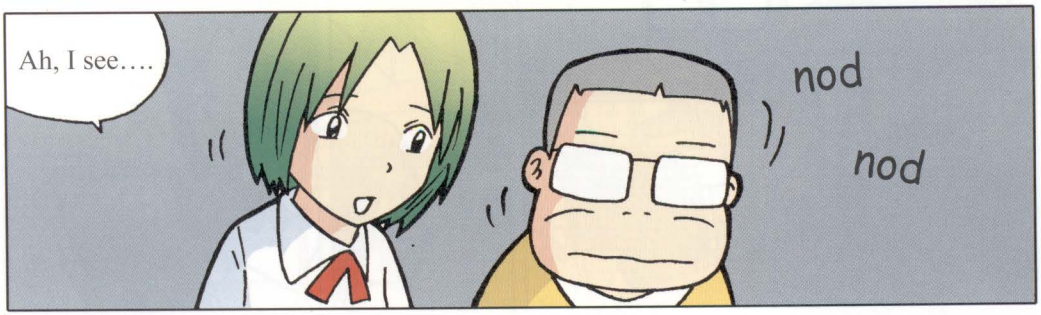


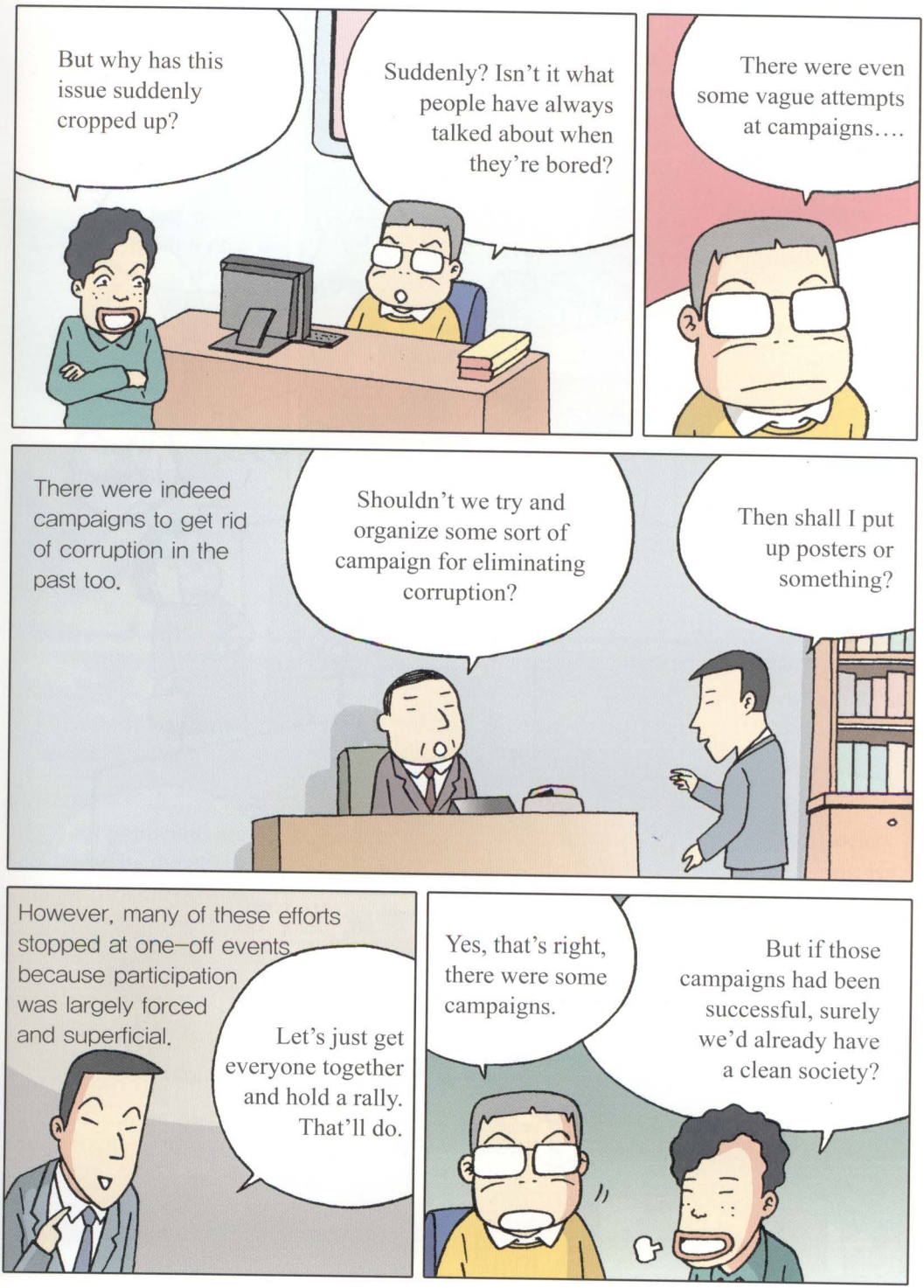
The Pact for a Transparent Society is…um...a promise.
A social promise.
But what does it promise?
Why, a transparent society of course! A transparent society.
Er…one without corruption….
It seems you don't know so much about it….
I certainly do! Look, I read this magazine every month.
It's just that you asked me out of the blue.
There's even a magazine?
Together
Transparent



To put it simply, one can say that it is a promise to build a society free from irregularities and corruption.






But why has this issue suddenly cropped up?
Suddenly? Isn't it what people have always talked about when they're bored?
There were even some vague attempts at campaigns....
There were indeed campaigns to get rid of corruption in the past too.
Shouldn't we try and organize some sort of campaign for eliminating corruption?
Then shall I put up posters or something?
However, many of these efforts stopped at one-off events because participation was largely forced and superficial.
Let's just get everyone together and hold a rally. That'll do.
Yes, that's right, there were some campaigns.
But if those campaigns had been successful, surely we'd already have a clean society?

Campaigns were only simple events held at someone or another's orders,

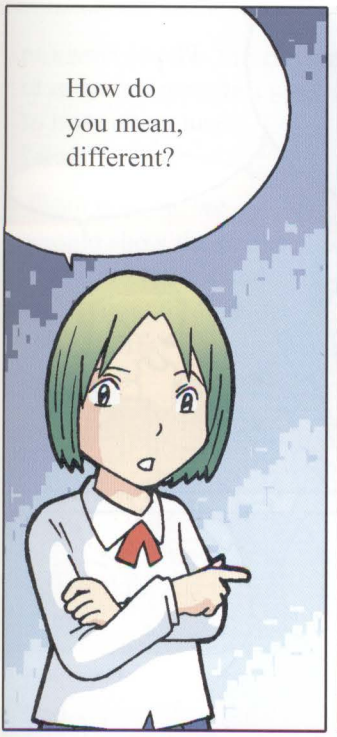
Do it!

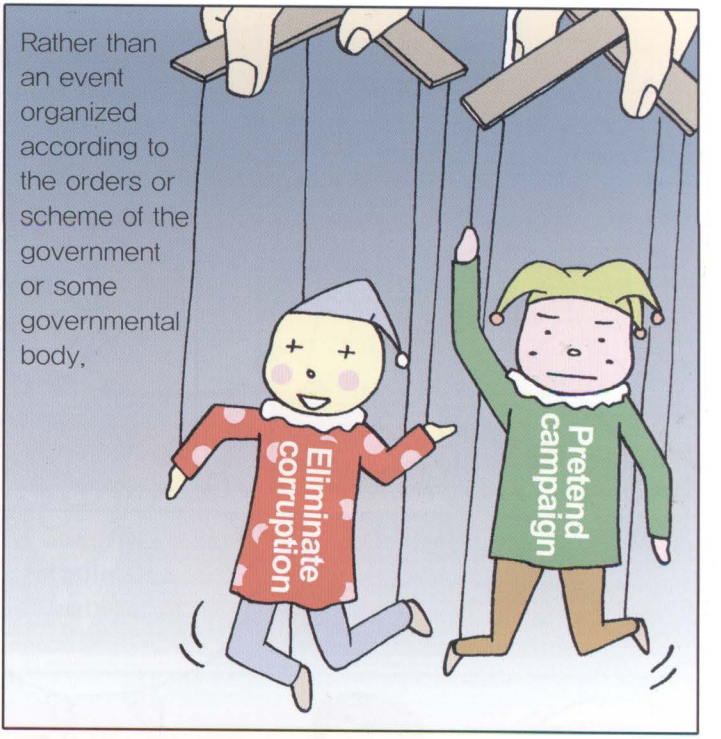
Come on, get on with it then!

What? Not again!

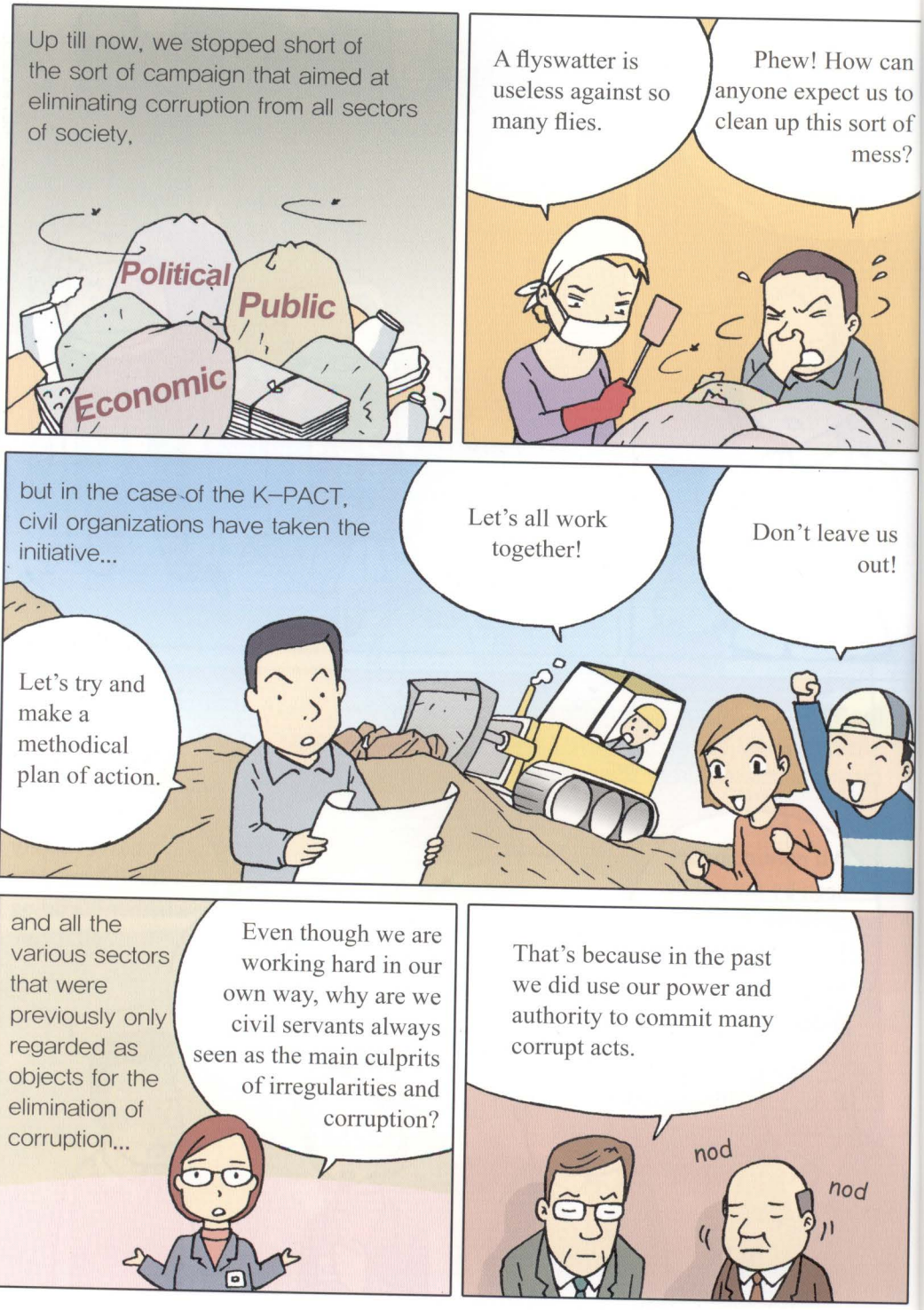
but the K–PACT is totally different.

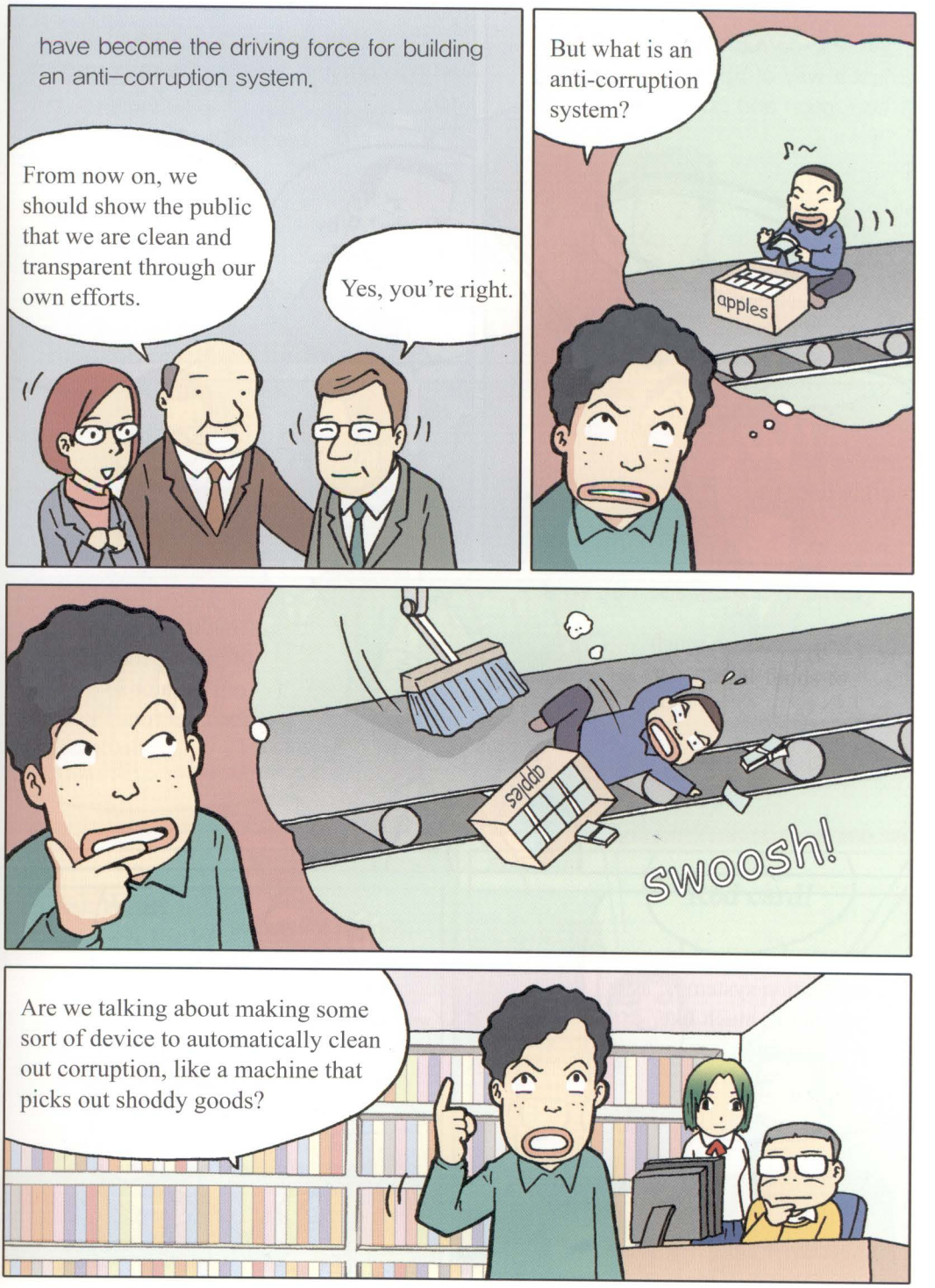
Korean Pact on Anti-Corruption and Transparency

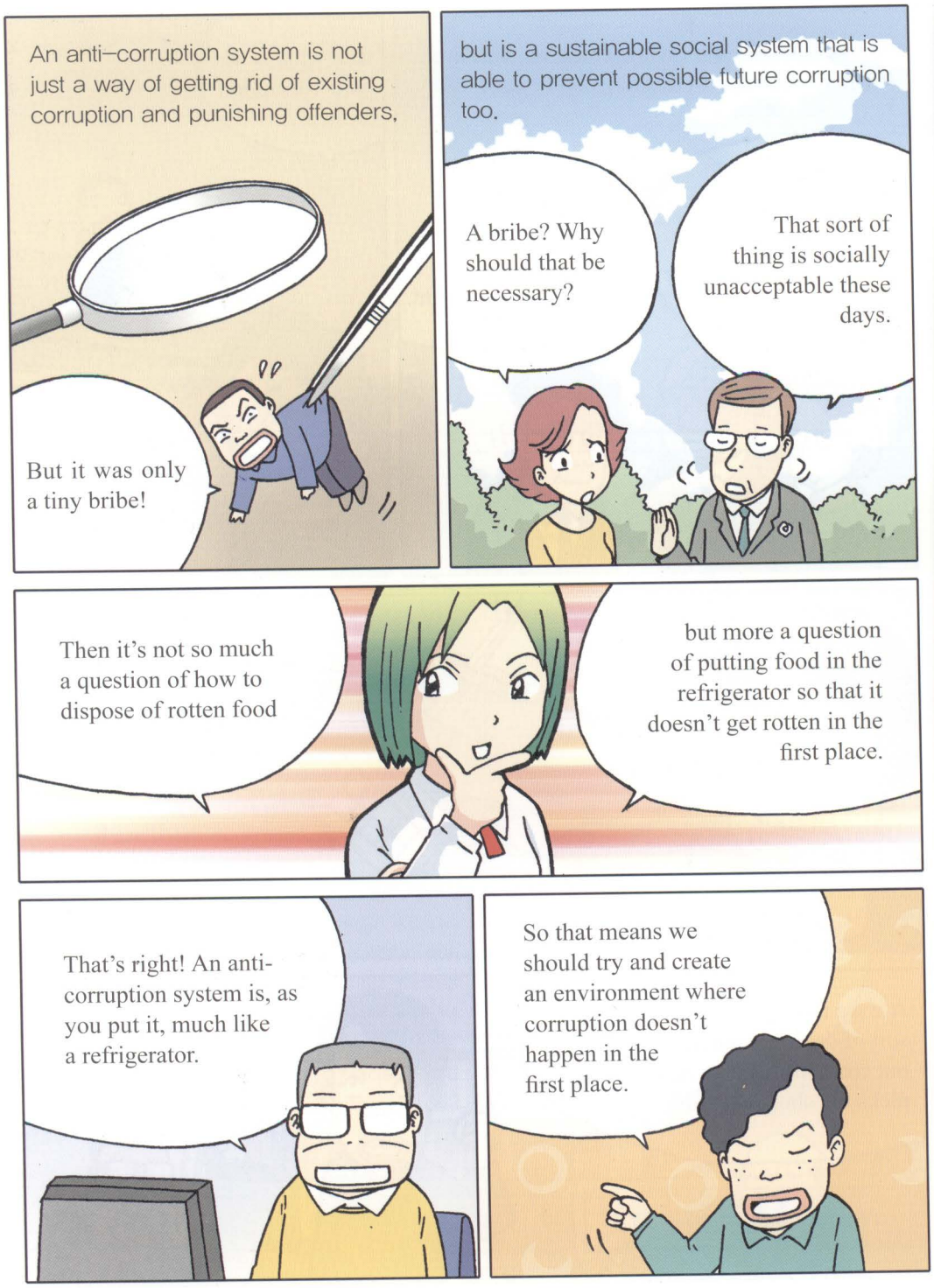

How do you mean, different?


Rather than an event organized according to the orders or scheme of the government or some governmental body,
Eliminate corruption
Pretend campaign

the K-PACT is an agreement made voluntarily by people from all sectors who are genuinely concerned about the problem of corruption, and in this respect is distinctly different from previous campaigns.
All politicians are seen by the public as being involved in irregularities and corruption….
We don't make a very good impression abroad.
Of course, we civil servants must have absolute integrity.
Civil Society should consider whether it's doing all it can.


Up till now, we stopped short of the sort of campaign that aimed at eliminating corruption from all sectors of society,
Political
Public
Economic
A flyswatter is useless against so many flies.
Phew! How can anyone expect us to clean up this sort of mess?
but in the case of the K-PACT, civil organizations have taken the initiative...
Let's all work together!
Don't leave us out!
Let's try and make a methodical plan of action.
and all the various sectors that were previously only regarded as objects for the elimination of corruption...
Even though we are working hard in our own way, why are we civil servants always seen as the main culprits of irregularities and corruption?
That's because in the past we did use our power and authority to commit many corrupt acts.
nod
nod


have become the driving force for building an anti–corruption system.
From now on, we should show the public that we are clean and transparent through our own efforts.
Yes, you're right.
But what is an anti-corruption system?
apples
apples
swoosh!
Are we talking about making some sort of device to automatically clean out corruption, like a machine that picks out shoddy goods?


An anti-corruption system is not just a way of getting rid of existing corruption and punishing offenders,
But it was only a tiny bribe!
but is a sustainable social system that is able to prevent possible future corruption too.
A bribe? Why should that be necessary?
That sort of thing is socially unacceptable these days.
Then it's not so much a question of how to dispose of rotten food
but more a question of putting food in the refrigerator so that it doesn't get rotten in the first place.
That's right! An anti-corruption system is, as you put it, much like a refrigerator.
So that means we should try and create an environment where corruption doesn't happen in the first place.

That is correct. With programs to create an environment where it is not possible to be tempted by corruption...
Could you just~
POW!
Yes! What a superb kick!
Red card!

an environment where it is possible to stand up against corruption,
If you want to continue working here, you'd do best to turn a blind eye.
You're the one that's corrupt! It's you who should worry about losing your job!
Report
an anti-corruption system is a mechanism for building a fair and transparent society.
But can such a society be built easily?
Well, I don't think it's the sort of thing that can happen by just passing a few laws.

When one considers the degree of corruption that still persists in our society

It's the custom~ go on, just eat it.

Everyone else does~

Just try it~ it really tastes good.

one has to admit that it is not a task that can be accomplished by simply altering a few systems.

Um…this is a pretty serious case.

In the process of high economic growth...

They say 'the end justifies the means'. Just do it roughly.

a social culture that not only tolerates corruption, but even demands it

Well, that guy has no flexibility.

She's useless - friends are supposed to help.

He's our nephew, so we can't just let him down, can we?

Huh! He puts on such airs about being 'clean'....

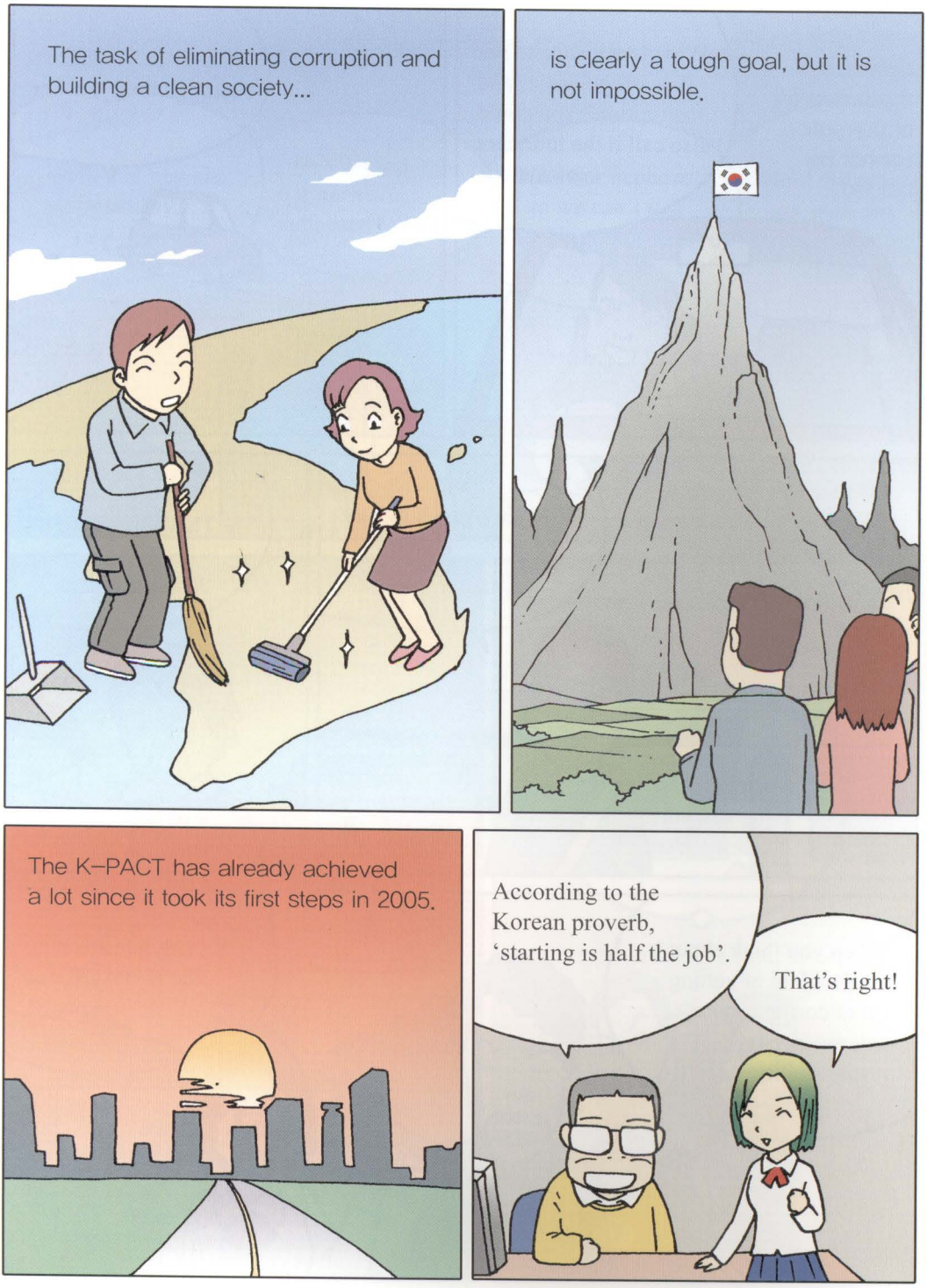
has taken root without our realizing it.

Species: 'You rub my back and I'll rub yours' tree
Native to: all Korea
Characteristics: home to various varieties of parasitic poisonous fungi

As a result, people cannot trust each other...

Well, if I don't take a bribe that guy probably will....

and many people believe that some degree of corruption cannot be helped...
Why do we have to see it as irregularities and corruption? You could also call it the lubricant of society.
You see? Things are running along just fine.
and that it is impossible to overcome the problem of corruption completely.
That's just how our country is.
That's life, isn't it?
When you think about it, the problem of getting rid of corruption isn't any one person's responsibility.
Exactly! That's why the K-PACT was made!


The task of eliminating corruption and building a clean society...
is clearly a tough goal, but it is not impossible.
The K-PACT has already achieved a lot since it took its first steps in 2005.
According to the Korean proverb, 'starting is half the job'.
That's right!

The Korean Pact on Anti-Corruption and Transparency, which was signed at a gathering of representatives from the public, political, private sectors and civil society on 9th March 2005, was in itself a surprising and remarkable event.

I understand it was unprecedented in the world.

Wow! Really?

After that a petition movement called the Citizens' Charter, aimed at improving citizen participation and awareness, spread...

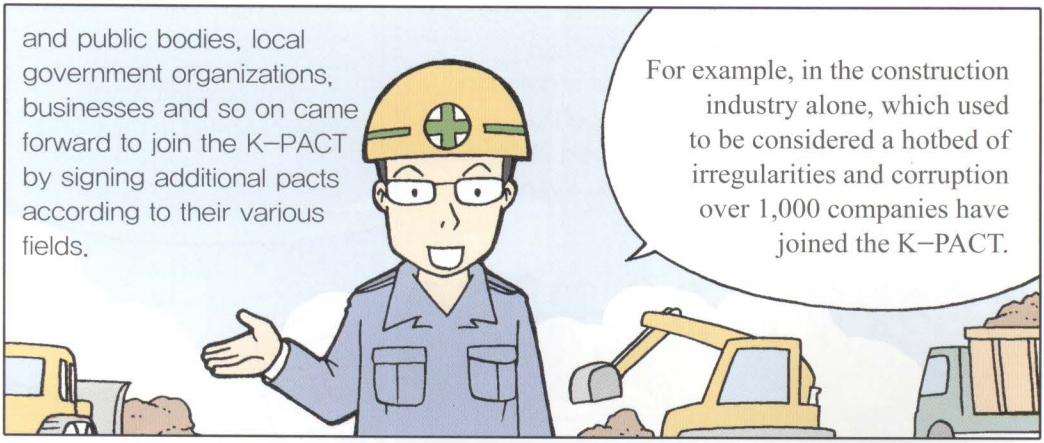
I signed as well, by internet.

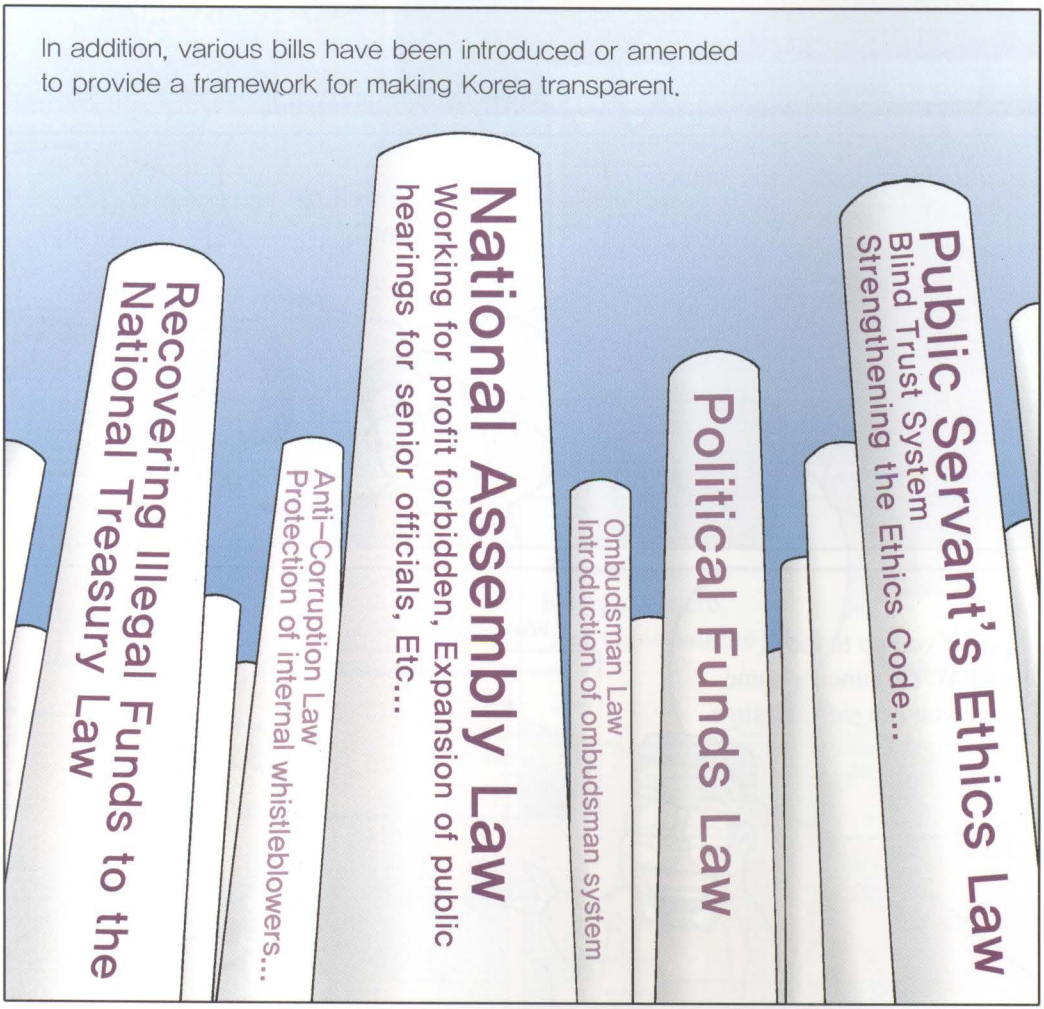
Really?

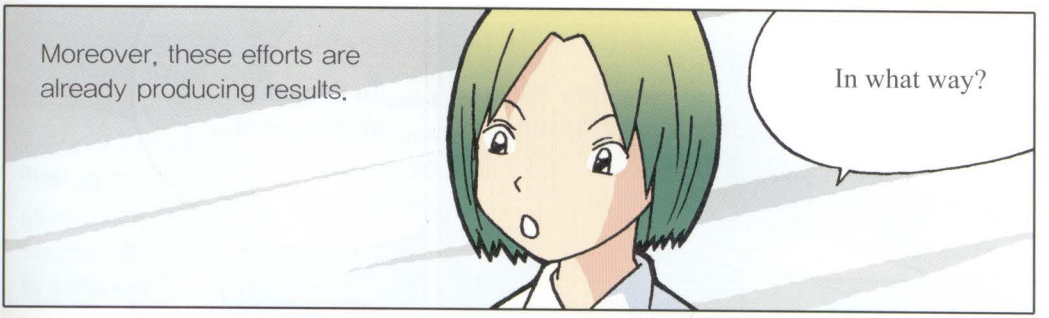
Yes, if you go to the K-PACT Council's home page you can sign any time.

www.pact.or.kr

Wow! That's great, Dad!

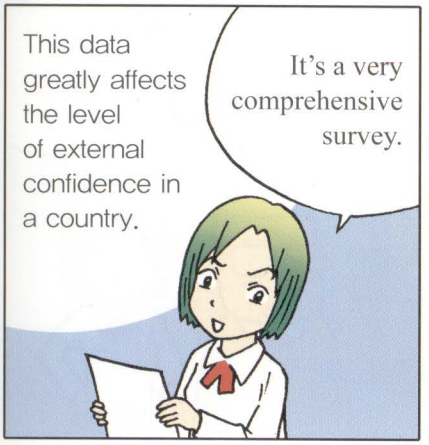

and public bodies, local government organizations, businesses and so on came forward to join the K-PACT by signing additional pacts according to their various fields.
For example, in the construction industry alone, which used to be considered a hotbed of irregularities and corruption over 1,000 companies have joined the K-PACT.

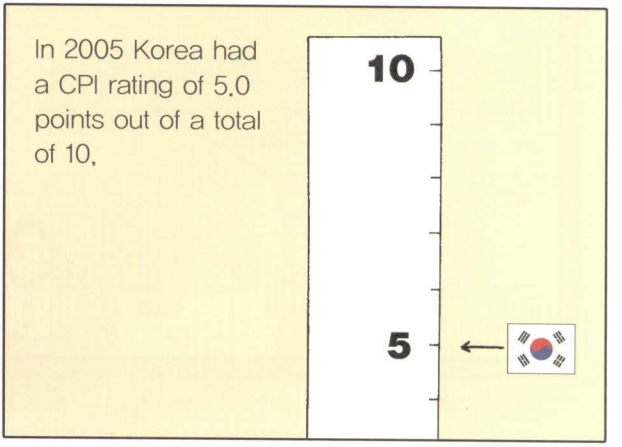

In addition, various bills have been introduced or amended to provide a framework for making Korea transparent.
Public Servant's Ethics Law
Blind Trust System
Strengthening the Ethics Code...
Political Funds Law
Ombudsman Law
Introduction of ombudsman system
National Assembly Law
Working for profit forbidden, Expansion of public hearings for senior officials, Etc...
Anti-Corruption Law
Protection of internal whistleblowers...
Recovering Illegal Funds to the National Treasury Law



Of the various international assessment indices relating to corruption, the Corruption Perception Index is the most important.

Corruption Perception Index = CPI





and ranked 40th out of 159 countries, barely reaching an 'average' level.

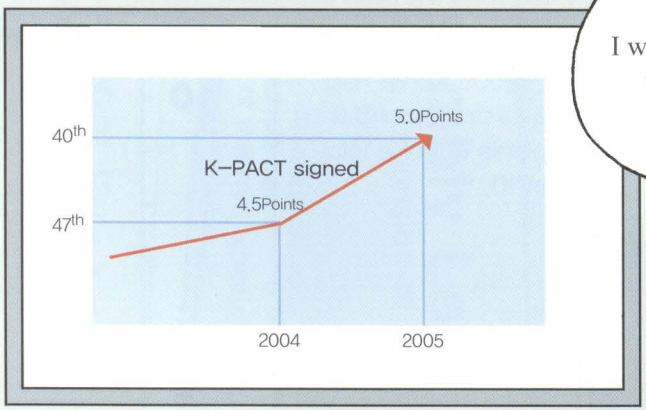
35
36
37
38
40
41

To think that's all we scored...

Only 40th place, even though we were one of the top 4 in the 2002 World Cup.

Hmm, not so different from my daughter's school grades.

However, this score is up 0.5 of a point compared to 2004, before the K-PACT was signed...



I wish your grades would go up like that!

Dad!

which is actually an astonishing leap as the 3rd highest increase rate in the world.

South Korea had the biggest improvement between 2004 and 2005 of any Asian country.

South Korea has made significant progress in developing the institutions and laws to fight corruption with the launch of the landmark K-PACT on Anti-Corruption and Transparency.

Official statement by Transparency International

In addition, the Global Corruption Barometer produced in 2005 by Transparency International from a survey of 55,000 ordinary citizens in 69 countries...

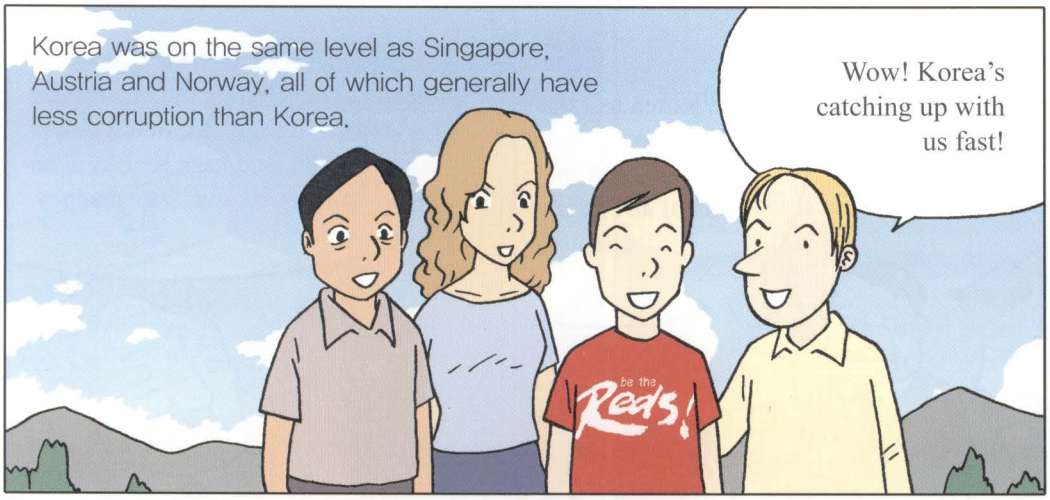
Survey

shows a downward trend in the level of actual corruption in Korea.

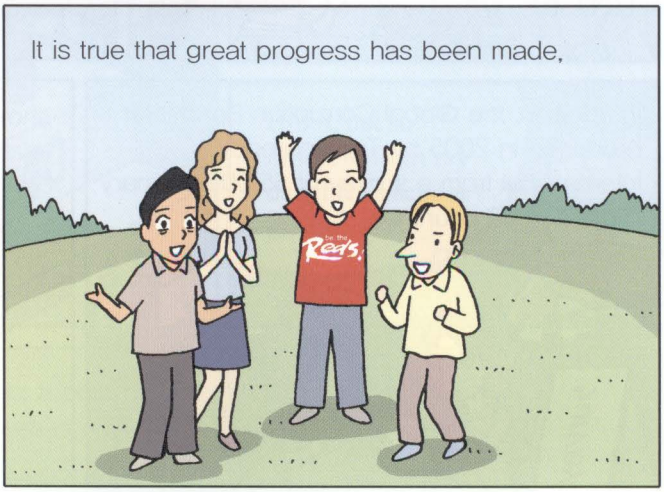
In particular, when people were asked if they had given any bribes during the last year...

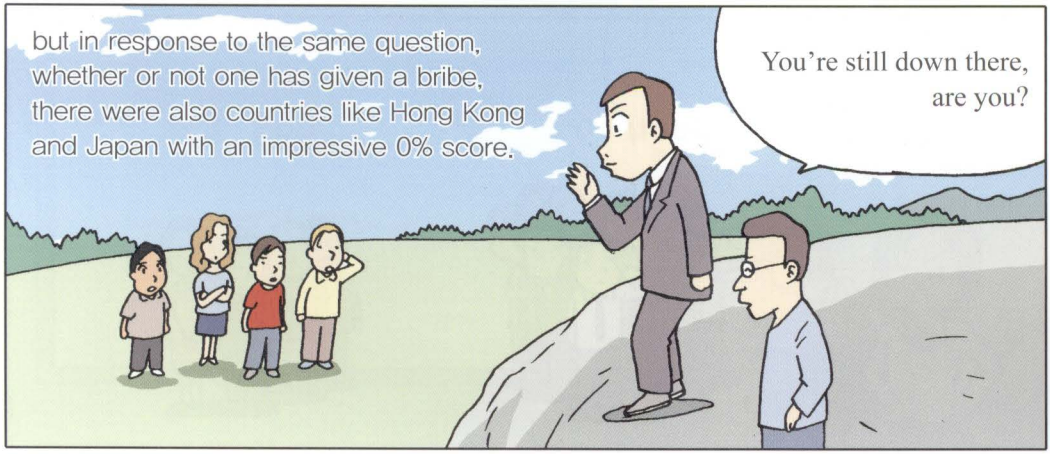
2004 9%

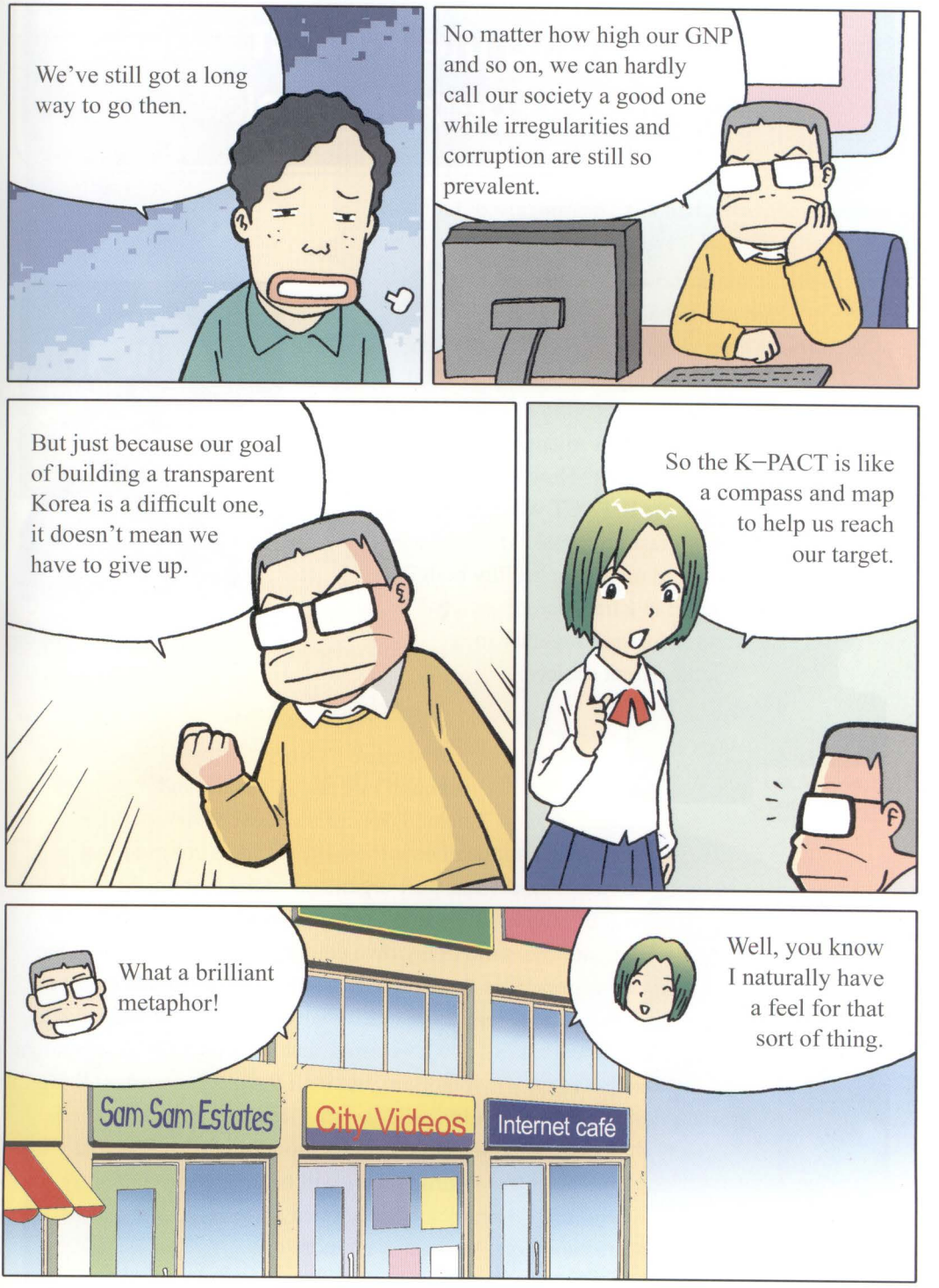
2005 4%


Korea was on the same level as Singapore, Austria and Norway, all of which generally have less corruption than Korea.
Wow! Korea's catching up with us fast!
be the Reds!

So that means global-standard!

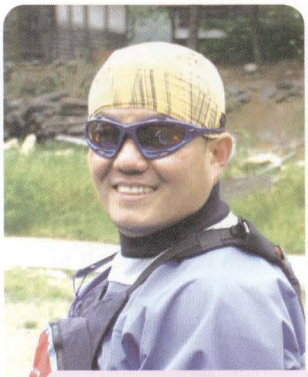

It is true that great progress has been made,
be the Reds!


but in response to the same question, whether or not one has given a bribe, there were also countries like Hong Kong and Japan with an impressive 0% score.
You're still down there, are you?


We've still got a long way to go then.
No matter how high our GNP and so on, we can hardly call our society a good one while irregularities and corruption are still so prevalent.
But just because our goal of building a transparent Korea is a difficult one, it doesn't mean we have to give up.
So the K-PACT is like a compass and map to help us reach our target.
What a brilliant metaphor!
Well, you know I naturally have a feel for that sort of thing.
Sam Sam Estates
City Videos
Internet café

The K-PACT and the K-PACT Council "what do people think?"

When I heard that this excellent movement had been going on for around a year and a half without our even really realizing it, my first feeling was that something was somehow lacking or unsatisfactory. Didn't this mean that the movement hadn't taken very deep root in people's minds? However, "starting is half the job." I think the K-PACT was a turning point and is now making fast progress. I'd like to adapt the saying "A sound mind in a healthy body" to "A sound mind in a transparent society." Let's move forward together for a transparent society!



Pak Jae-young, 41, freelance leisure sports instructor

Probably because I've been lucky enough to study in France and England, two of the most advanced European countries, I feel I have got used to a logical and well-organized social system. At first I couldn't help exclaiming in wonder at how different things were to my own country. It seems to me that the principles these countries aim to follow in the cause of 'social justice' have ultimately produced a fine-woven social safety net. Of course, making a pact for a transparent society is important, but isn't the most important thing to eventually build it into a large-scale social system, and then to constantly monitor it? I'm sure that when I return home I will be greeted by a country remarkably developed since I left, and so I expect even more of the K-PACT Council in order to help make this possible.

Lee Yeon-ok, 31, studying abroad in the U.K. for a Ph.D. in politics

Lee Gi-hyun, 32, educational consultant

When one tries guiding children, one realizes that the most important thing is 'checking'. No matter how good a study plan you make, if you don't check that it is being followed properly you won't get results. It is a great step forward that each sector of our society is shedding its corrupt past and that a social agreement has been reached giving us great hope for the future. However, it seems to me that the most important thing is monitoring and evaluating whether that promise is being well kept. I really hope the K-PACT Council will be a good supervisory body.

These days, young people are wrapped up in their own problems, such as getting a job. I think this is why we are not very good at paying attention to what is going on around us. In my own case, I was embarrassed and felt a bit bad that I didn't know such a good pact had been made. But I'm happy to think that in every corner of our society there are people who are working hard to build a clean Korea. If I get the chance to support this sort of movement, I'll help as much as I possibly can. K-Pact Council, go for it!

Lee Seon-mi, 20, university student

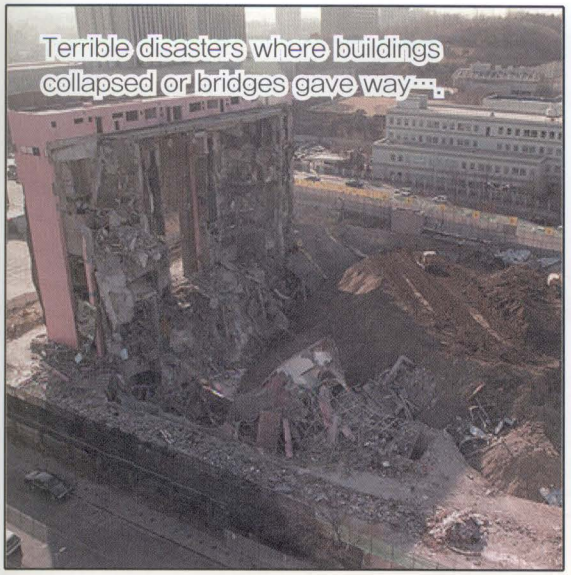
Jo Ju-hyun, 46, own business

The 'June Demonstration' of 1987, the year I graduated from university, was an uplifting experience when we all started to feel hope for a healthy future for Korea. However, in the 20 years that have passed since then I have felt extremely frustrated that we still have to worry about irregularities and lack of transparency. If we want to achieve a transparent society, then I think it is vital that the work of the K-Pact Council does not stop simply at the 'pact' but that it ensures the pact is put into real practice. I hope for even more strenuous efforts from the K-PACT Council so that we can hand down a bright and clean country to our children.

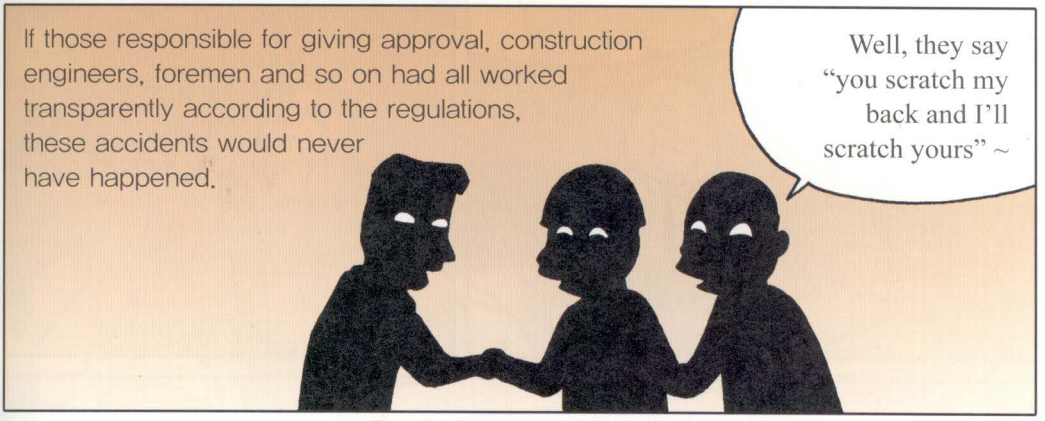
But why is the K-PACT necessary?

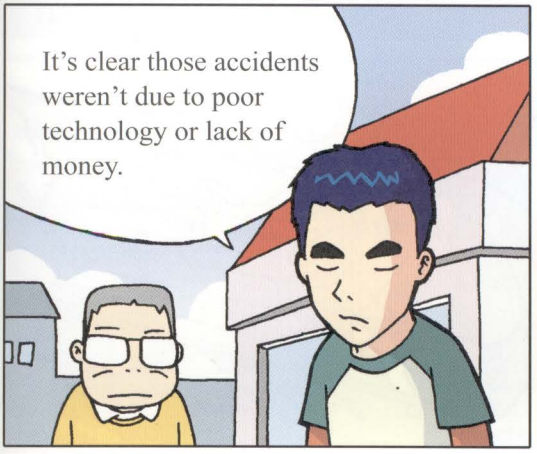
Because our society is unjust and corrupt, of course.

Yes, I accept that, but isn't it all a bit vague?

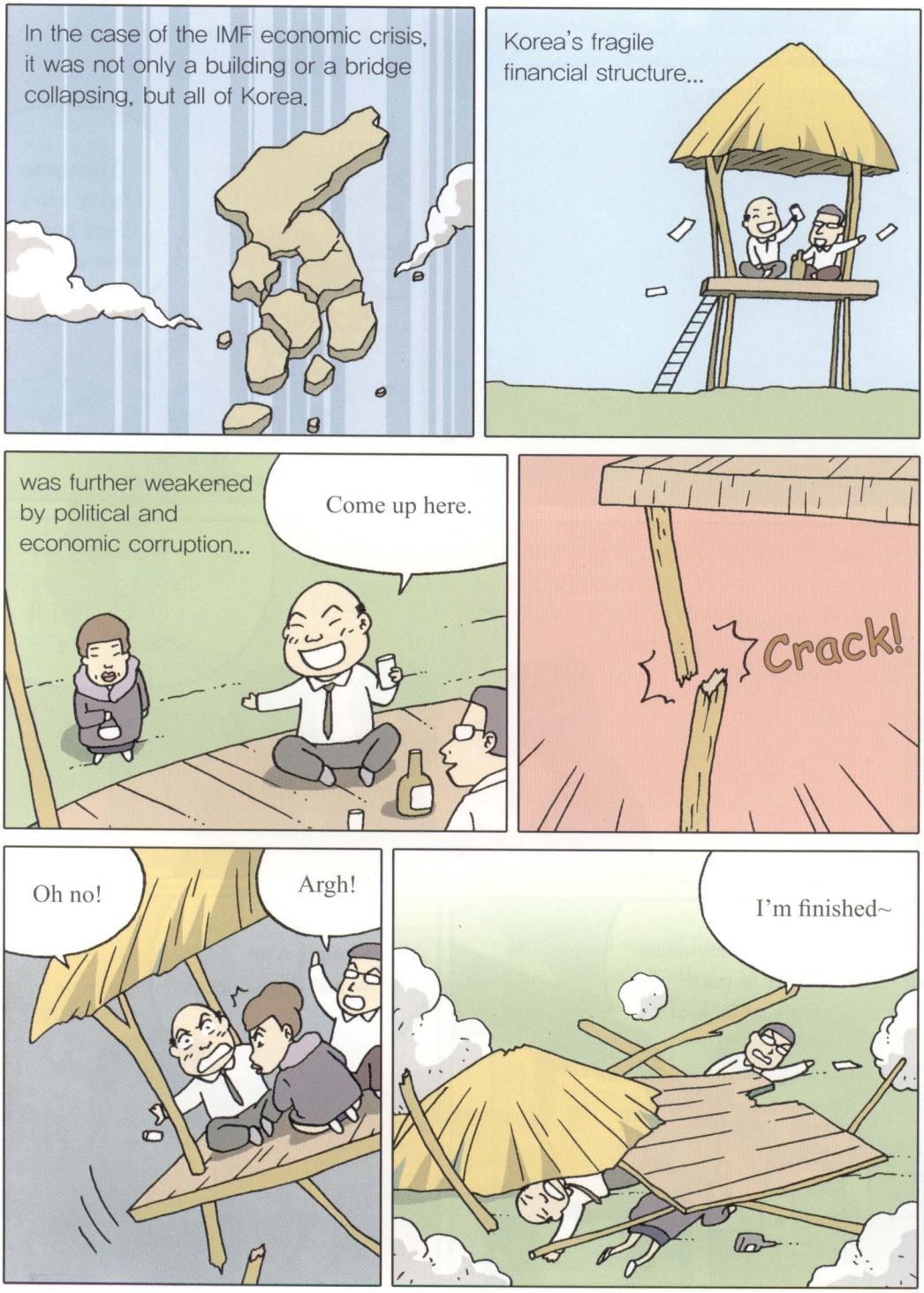

Terrible disasters where buildings collapsed or bridges gave way…

What was the cause of such tragedies?
You mean Daddy can't come home ever again?

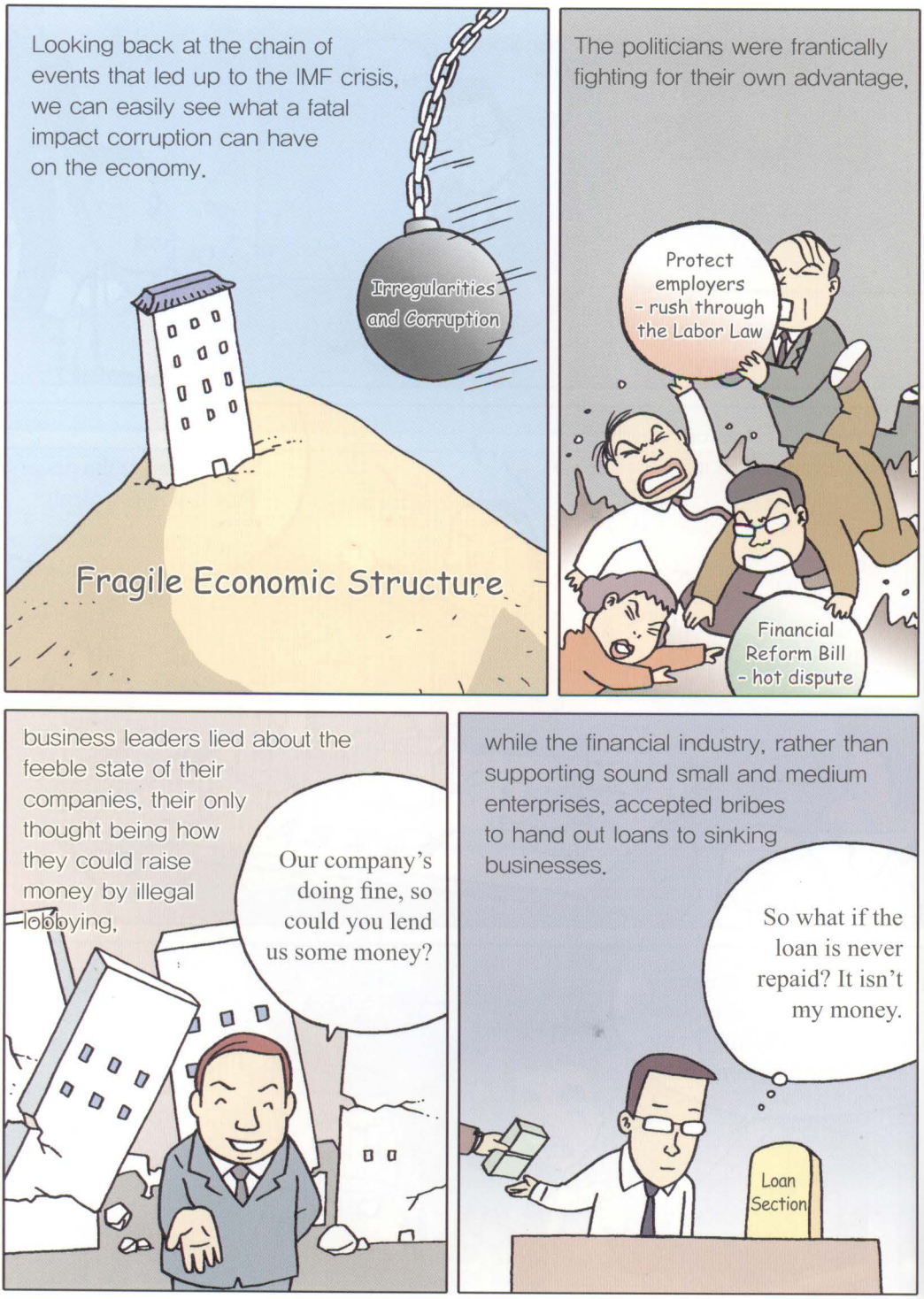

If those responsible for giving approval, construction engineers, foremen and so on had all worked transparently according to the regulations, these accidents would never have happened.
Well, they say "you scratch my back and I'll scratch yours" ~

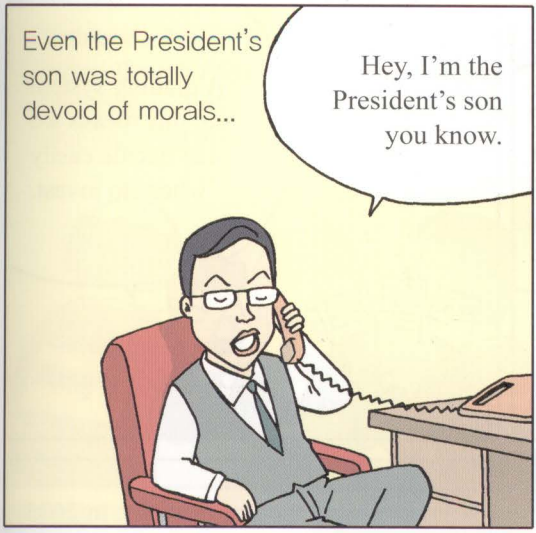

It's clear those accidents weren't due to poor technology or lack of money.

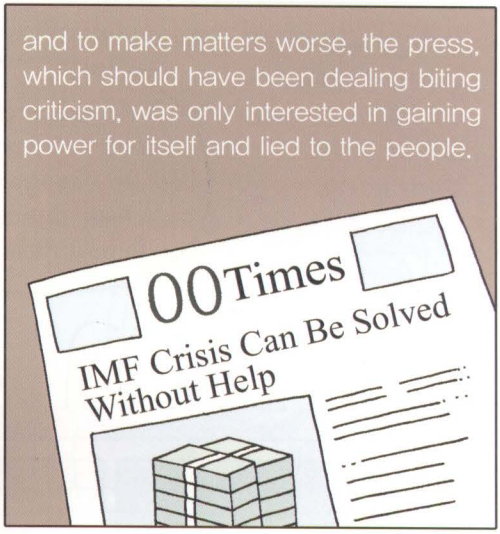
I get mad even now just thinking about it!

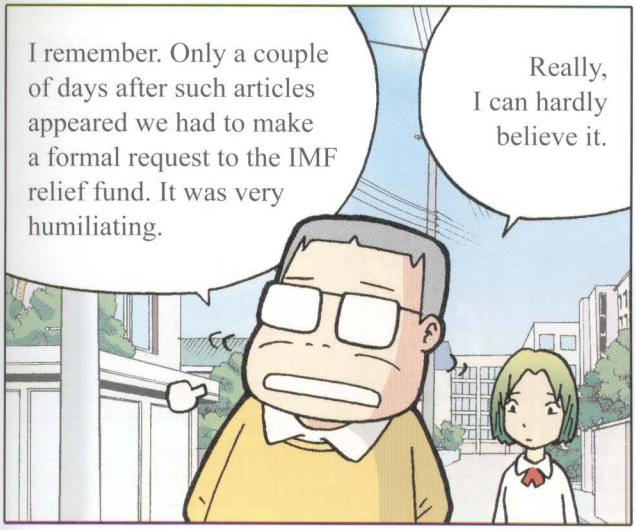

In the case of the IMF economic crisis, it was not only a building or a bridge collapsing, but all of Korea.
Korea's fragile financial structure...
was further weakened by political and economic corruption...
Come up here.
Crack!
Oh no!
Argh!
I'm finished~

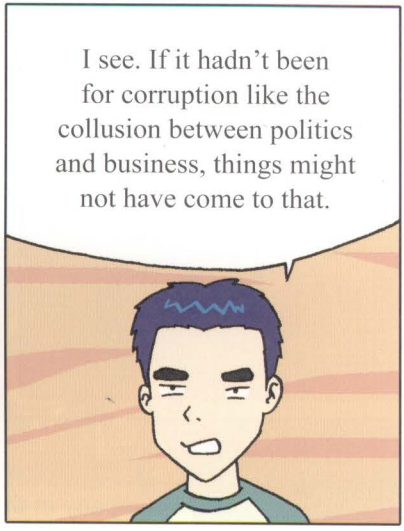
and Korea was reduced to the humiliating position of debtor in just an instant.
...
The illegal and corrupt practices which followed the selling-off of businesses at give-away prices are still an issue today, so deep are the scars left by the IMF crisis.
Very cheap at the price! Free if you ask nicely!
KOREA
What? The IMF crisis was caused by corruption too? It wasn't simply an economic problem?
Well, you can't just separate them like that.


Looking back at the chain of events that led up to the IMF crisis, we can easily see what a fatal impact corruption can have on the economy.
Irregularities and Corruption
Fragile Economic Structure
The politicians were frantically fighting for their own advantage,
Protect employers - rush through the Labor Law
Financial Reform Bill - hot dispute
business leaders lied about the feeble state of their companies, their only thought being how they could raise money by illegal lobbying,
Our company's doing fine, so could you lend us some money?
while the financial industry, rather than supporting sound small and medium enterprises, accepted bribes to hand out loans to sinking businesses.
So what if the loan is never repaid? It isn't my money.
Loan Section

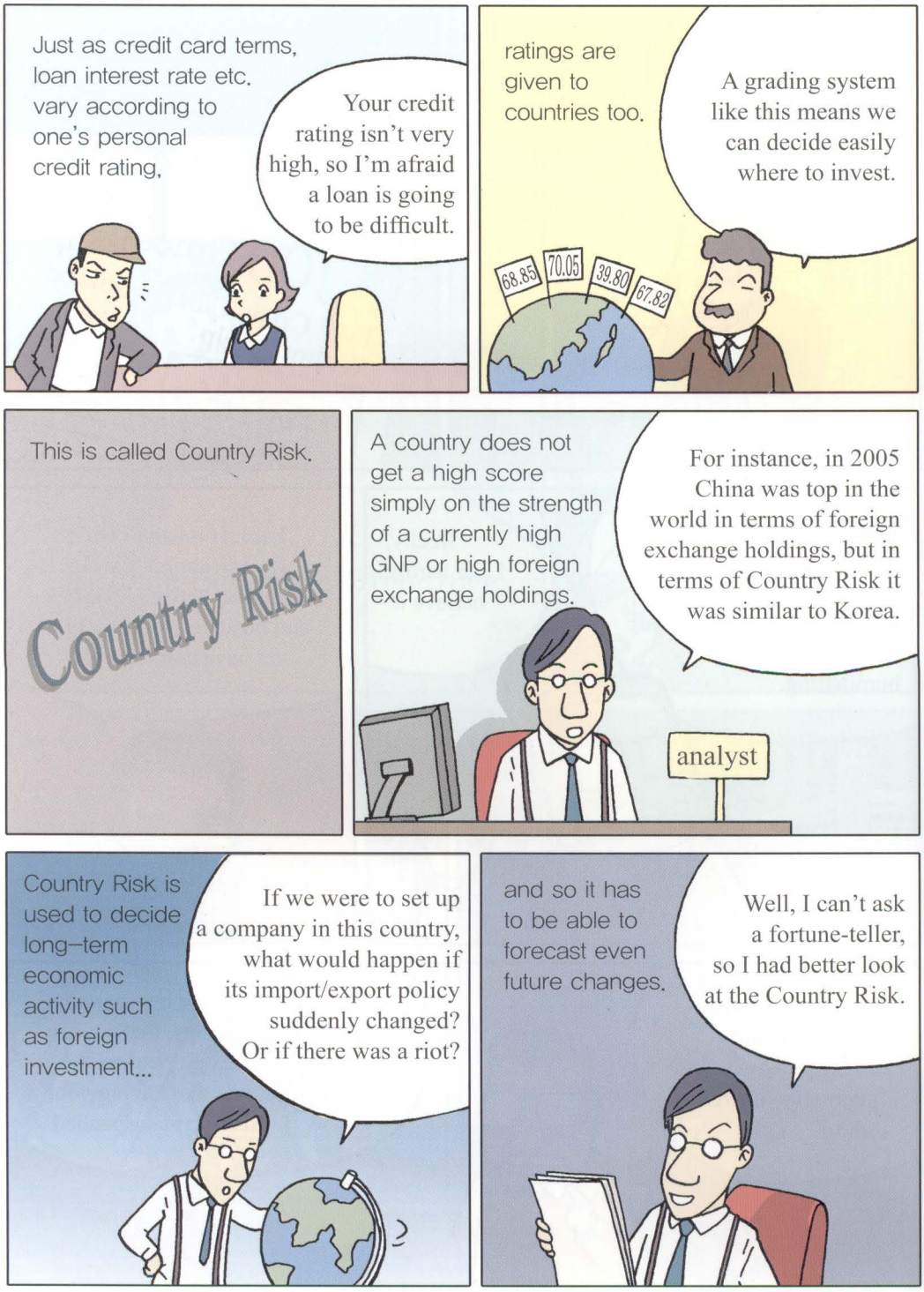

Even the President's son was totally devoid of morals...
Hey, I'm the President's son you know.


and to make matters worse, the press, which should have been dealing biting criticism, was only interested in gaining power for itself and lied to the people.
00Times
IMF Crisis Can Be Solved Without Help

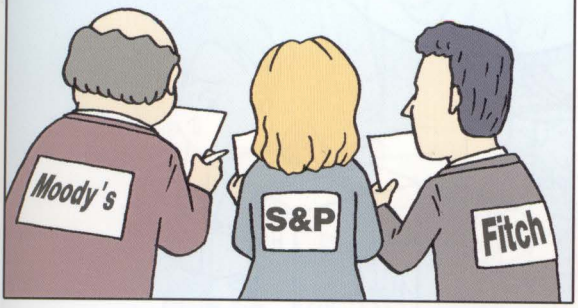

I remember. Only a couple of days after such articles appeared we had to make a formal request to the IMF relief fund. It was very humiliating.
Really, I can hardly believe it.


I see. If it hadn't been for corruption like the collusion between politics and business, things might not have come to that.

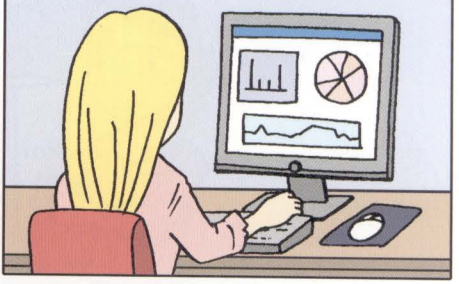
I think it was then that I first heard the expression 'International Credit Rating'.
If a country's International Credit Rating drops, that's when it first realizes it could soon be bankrupt, just like having your credit card suspended.


Just as credit card terms, loan interest rate etc. vary according to one's personal credit rating,
Your credit rating isn't very high, so I'm afraid a loan is going to be difficult.
ratings are given to countries too.
A grading system like this means we can decide easily where to invest.
68.85
70.05
39.80
67.82
This is called Country Risk.
Country Risk
A country does not get a high score simply on the strength of a currently high GNP or high foreign exchange holdings.
For instance, in 2005 China was top in the world in terms of foreign exchange holdings, but in terms of Country Risk it was similar to Korea.
analyst
Country Risk is used to decide long-term economic activity such as foreign investment...
If we were to set up a company in this country, what would happen if its import/export policy suddenly changed? Or if there was a riot?
and so it has to be able to forecast even future changes.
Well, I can't ask a fortune-teller, so I had better look at the Country Risk.

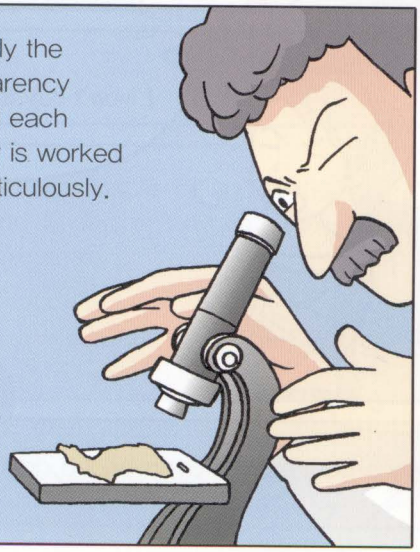
Therefore the consulting companies that asses Country Risk not only check the soundness and credibility of enterprises and financial institutions,



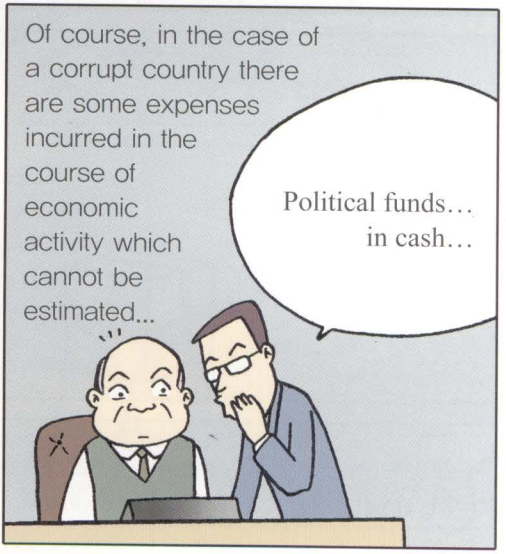
but also use various assessment indicators such as national stability, national competitive strength, level of economic freedom and level of political freedom.



Naturally the transparency level of each country is worked out meticulously.



Of course, in the case of a corrupt country there are some expenses incurred in the course of economic activity which cannot be estimated...



because such expenses, labor costs and so on are all lumped together as a 'production cost package'.

If the same item is more expensive because of all the unnecessary costs that are incurred due to corruption...

You say you paid 100,000 won? I paid 80,000 won for the same thing.

....

Materials

Labor

Entertainment

Bribes

Materials

it will not sell,

I won't buy that again!

Bribes

which means that a country that can only produce such over-priced goods will drop behind in world competition.

Transparent Store

non-transparent

Failed Store

From the point of view of national competitiveness, corruption is an economic issue rather than a moral one.

Korea today, despite being among the world leaders in terms of economic scale,

has still not been able to eliminate corruption thoroughly .

Right, we're clean now. Come on in.

It's no exaggeration to say that if we are to move up to a 20,000 USD income per-capita...

it is absolutely vital that we get rid of corruption and build a more transparent society.

Corruption

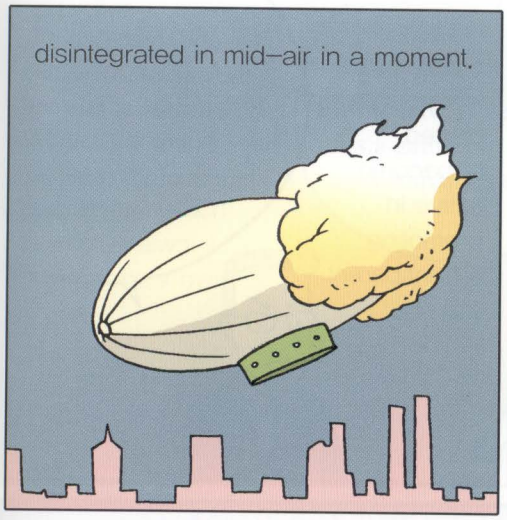
Enron, which used to be the 7th largest corporate giant in the United States,

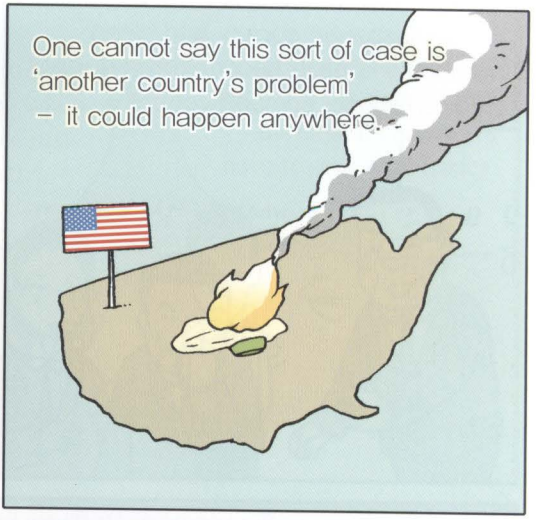
ENRON

despite its size, once it was revealed that it had been doctoring the accounts and colluding with politicians,

Cooking the books

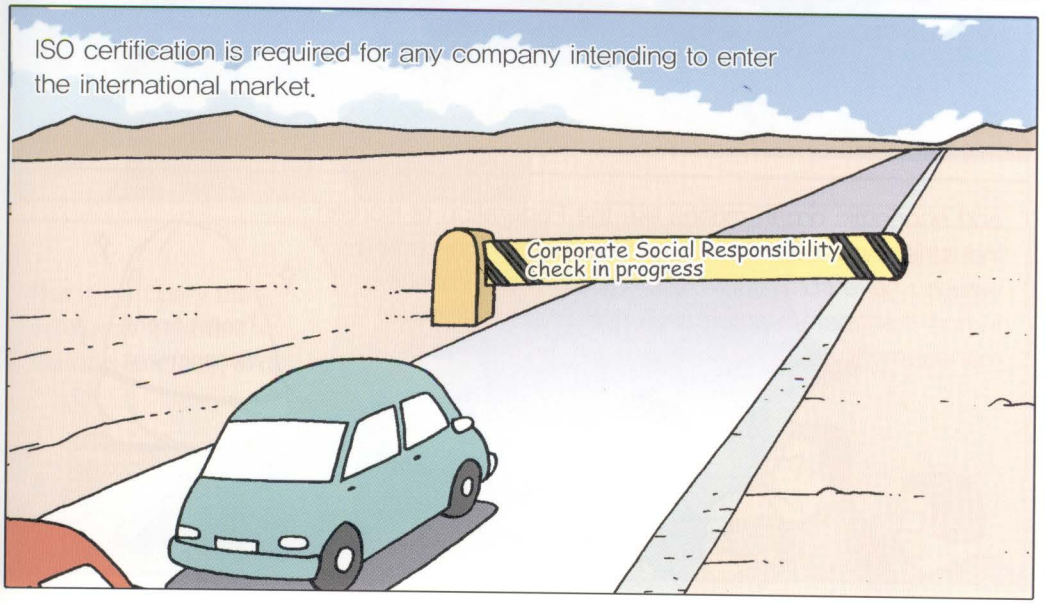
Distributing political funding





A standard for Corporate Social Responsibility has been established on a world scale by the International Standard Organization.

CSR
Corporate Social Responsibility = ISO 26000



As a transparent society and clean corporations have become prerequisites for international competitiveness...
what a filthy company...
Korea's corporate leaders have started to become active in promoting a transparent society.
It is anticipated that by the end of 2006, over 85% of businesses will have established and be practicing a corporate ethics code.
At the K-PACT signing ceremony the heads of 4 of the largest conglomerates pledged to get directly involved in putting the pact into practice,
and economic organizations like the Federation of Korean Industries and the Korean Chamber of Commerce and Industry have come forward to improve governance in non-transparent enterprises and to spread ethical management.
Transparent Management

From small scale campaigns like the Shinsegae Corporation's "Shinsegae Pay Campaign" which promotes always paying one's own share...

We've decided to pay for ourselves even when it's a gathering of just company staff.

If we want to create a transparent and horizontal culture we have to start with basics.

to large scale campaigns, such as the occasion when 10 top groups contributed a total of over 800 billion won of social funding...

Korea is making a massive effort to raise its international competitiveness and win the trust of the people by cleaning up its businesses.

Trust of the People

International Competitiveness

But it isn't only the economic field that's making an effort, is it?

That's right.

In the Political Sector efforts are being made to recover illegal political funds to the Treasury by placing party assets in public trusts,

According to the K-PACT we have to make corruption a thing of the past.

and MPs have also raised funds for research into making or revising various laws relating to the K-PACT.

Meanwhile, the Public Sector has also been making efforts for a transparent society, and public corporations as well as the major fields of Health and Medical, Education and Finance have joined the K-PACT one after another.

The K-PACT is spreading not only throughout the major cities, but also to regional administrative units...

Daegu

Busan

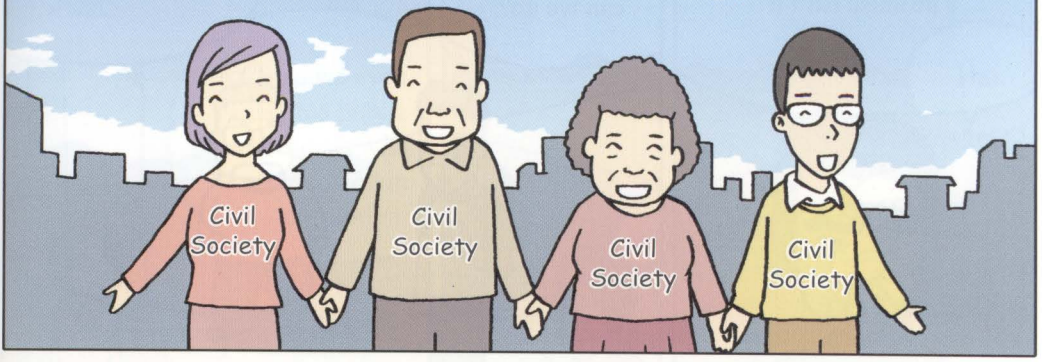
Gyeongnam

Chungnam

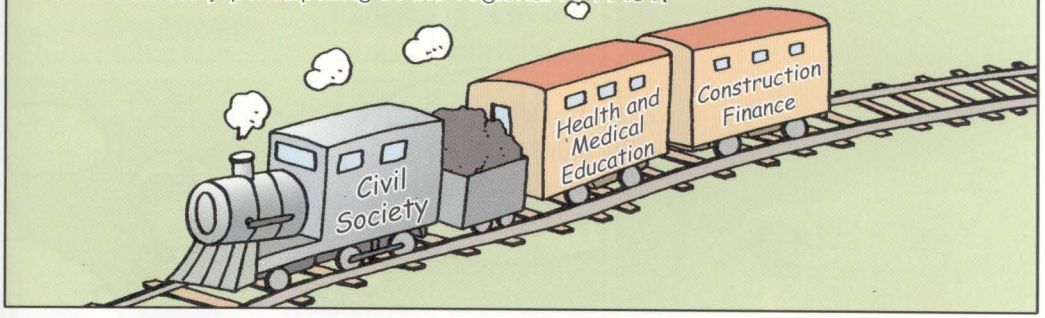
and so there is real hope that we will soon see greater transparency.

We should imitate the integrity and high moral standards of the 'scholar gentlemen' of the old days.

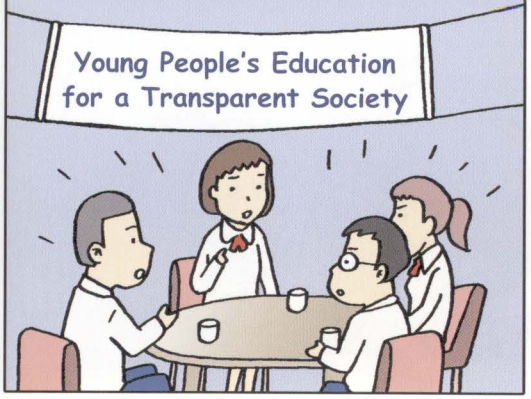
Also we must not forget Civil Society, which was the driving force behind the preparation and signing of the K-PACT all over Korea.



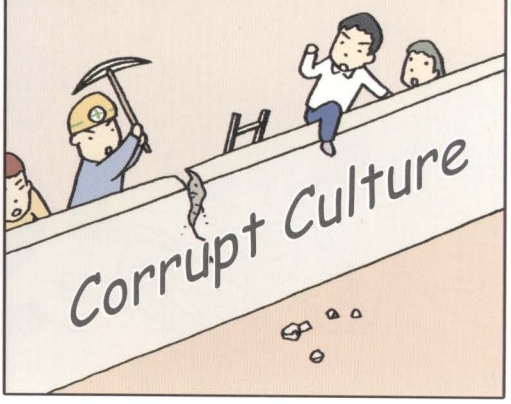
It is thanks to the initiative of Civil Society that the various fields have both joined and are actively participating in the regional K-PACT.

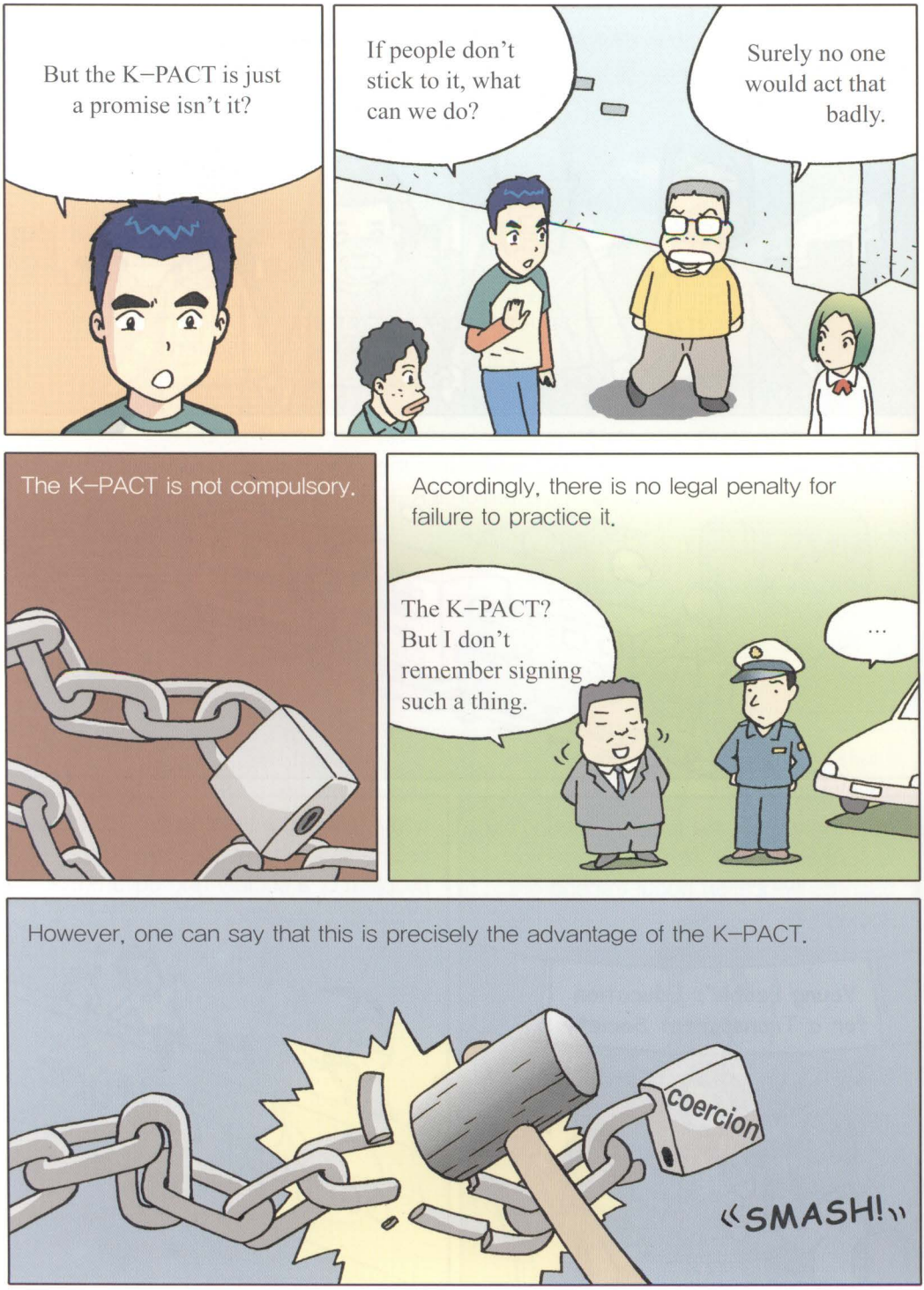


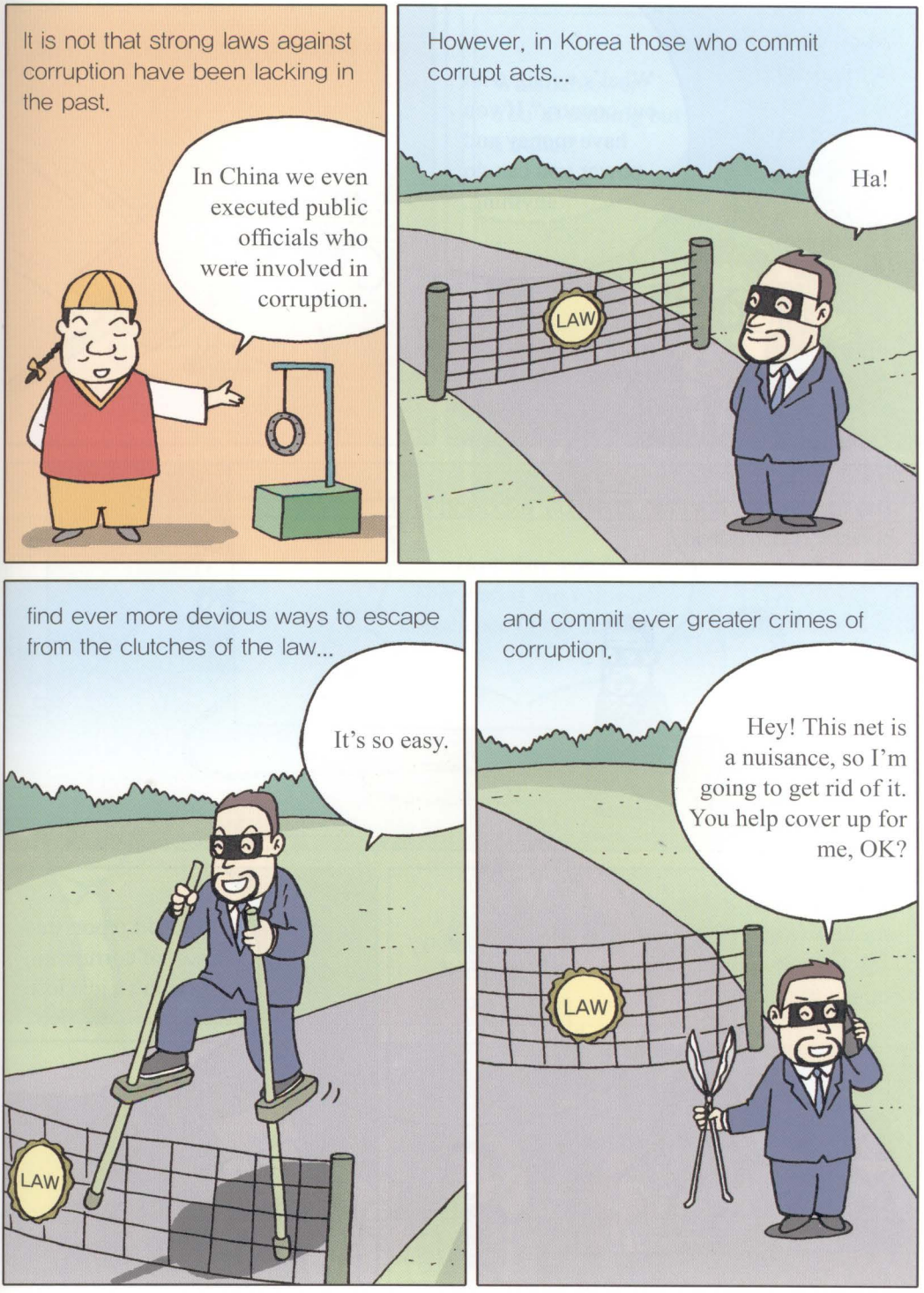
Looking toward the future, Civil Society is supporting activities in each region such as education about transparent society...

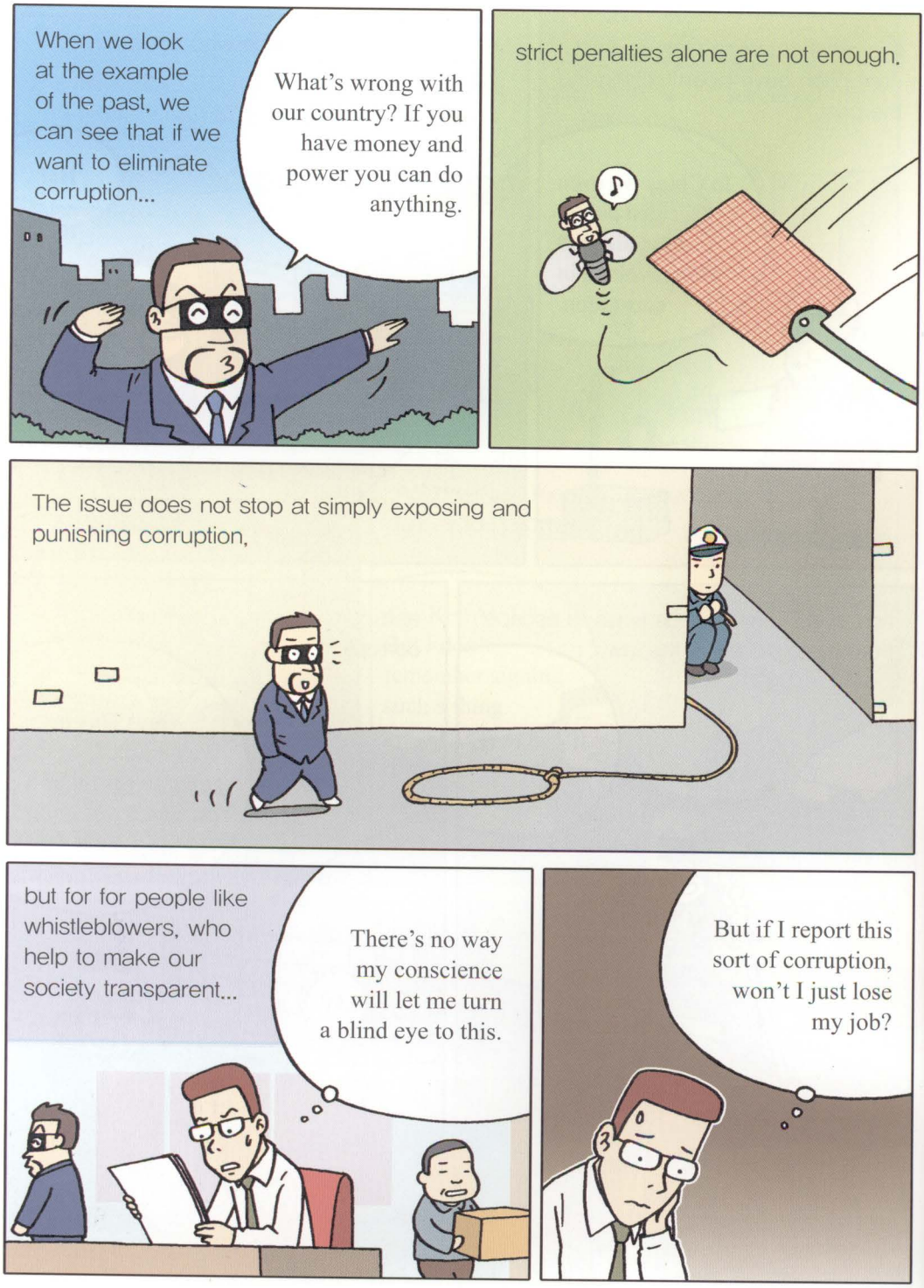


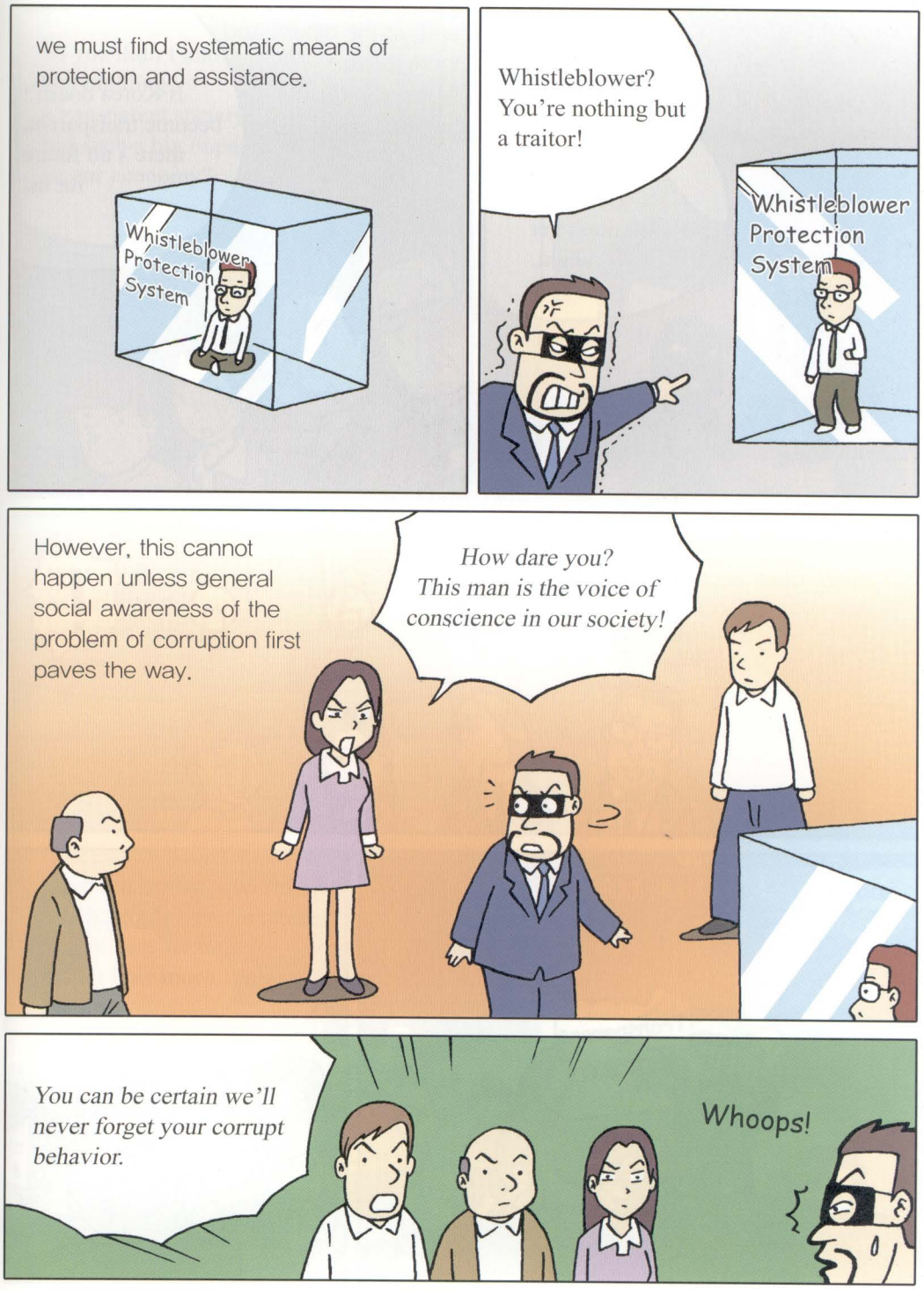
and is playing a leading role in various programs aimed at overcoming the problem of a society and culture that tolerates corruption.




But the K-PACT is just a promise isn't it?
If people don't stick to it, what can we do?
Surely no one would act that badly.
The K-PACT is not compulsory.
Accordingly, there is no legal penalty for failure to practice it.
The K-PACT? But I don't remember signing such a thing.
...
However, one can say that this is precisely the advantage of the K-PACT.
coercion
«SMASH!»


It is not that strong laws against corruption have been lacking in the past.
In China we even executed public officials who were involved in corruption.
However, in Korea those who commit corrupt acts...
Ha!
LAW
find ever more devious ways to escape from the clutches of the law...
It's so easy.
LAW
and commit ever greater crimes of corruption.
Hey! This net is a nuisance, so I'm going to get rid of it. You help cover up for me, OK?
LAW

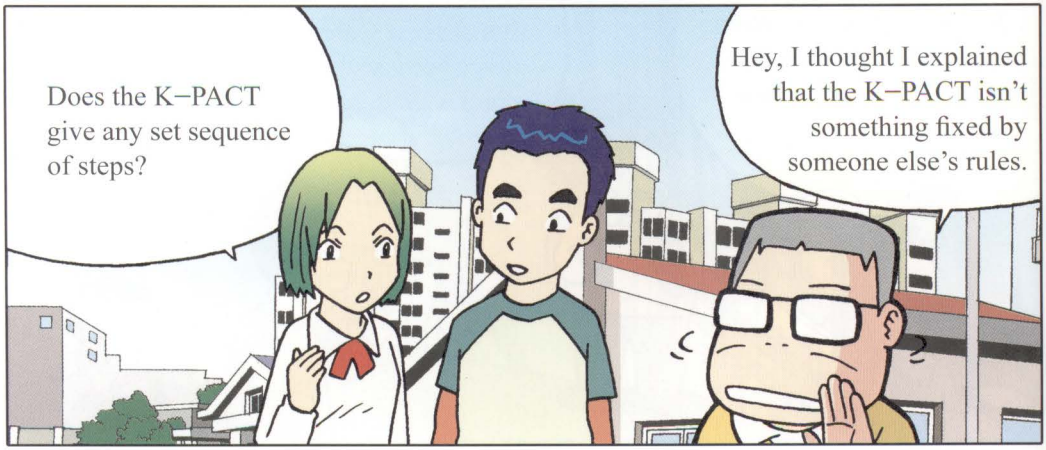

When we look at the example of the past, we can see that if we want to eliminate corruption...
What's wrong with our country? If you have money and power you can do anything.
strict penalties alone are not enough.
The issue does not stop at simply exposing and punishing corruption,
but for for people like whistleblowers, who help to make our society transparent...
There's no way my conscience will let me turn a blind eye to this.
But if I report this sort of corruption, won't I just lose my job?


we must find systematic means of protection and assistance.
Whistleblower Protection System
Whistleblower? You're nothing but a traitor!
Whistleblower Protection System
However, this cannot happen unless general social awareness of the problem of corruption first paves the way.
How dare you? This man is the voice of conscience in our society!
You can be certain we'll never forget your corrupt behavior.
Whoops!

On the one hand is the situation where people commit corruption in secret because they are afraid of the penalties...
It's OK as long as we don't get caught.
and on the other hand there is the K-PACT where people who feel strongly about the need for a transparent society...
If Korea doesn't become transparent, there's no future for us.
each try and come up with practical ideas according to their own situation...
!
and take the initiative in mutually improving awareness.
Transparent Korea
Which way will be the most effective?

So you didn't know that building a transparent society had such a big impact on our economy?
No, I didn't.
I was also surprised that the K–PACT isn't just a vague promise but an extensive program.
Actually, I know all too well from personal experience that strict penalties alone are not enough.
?
Some people never return their videos on time no matter how much I raise the fine.
On the contrary, they just disappear without a trace because they don't want to pay.
Ha ha ha

So if we want to build a transparent society, what should we do next?



The first Korean Pact on Anti-Corruption and Transparency was signed on 9th March 2005.

After that additional pacts were signed according to each field and each region, and this process is still going on. However, the details of these pacts vary.

Huh? You mean there are various versions of the K-PACT?

Like a computer game?

The contents of the K-PACT are different for different fields, for example the Construction and Health & Medical fields,

Construction Field K-PACT

Health & Medical Field K-PACT

and in the case of different regions, Busan and Daegu for example, a different version of the K-PACT is drawn up for each.

Howdy!

How do you do?

The significant thing is not that there are many different kinds of pacts,

There are so many versions.

000 K-PACT

000 K-PACT

K-P

000 K-PACT

K-PACT

ACT

but rather that the many different people who are behind this initiative are making pacts that they are able to participate in and practice directly.

What do you think?

Wouldn't this be a good method?

I guess so.

In this respect the K-PACT, right from the stage of preparing the pact,

In the past any measure would only receive approval if planned according to instructions from above.

displays a new method of 'horizontal cooperation'.

But to tell the truth, I can't really feel much of a difference.

Me neither.

It is true that the Korean Pact on Anti-Corruption and Transparency has won recognition as a desirable system...

Korea's anti-corruption movement is a good model for bringing all sectors of society together at the same table to make the country transparent.

Hugette Labelle, Chairperson of Transparency International (TI)

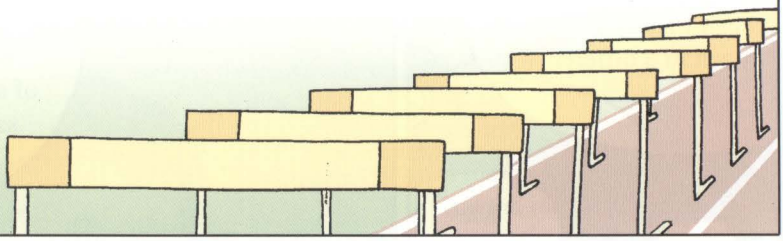
and has gained impressive results...

Transparency International Corruption Perception Index Breakdown according to Country

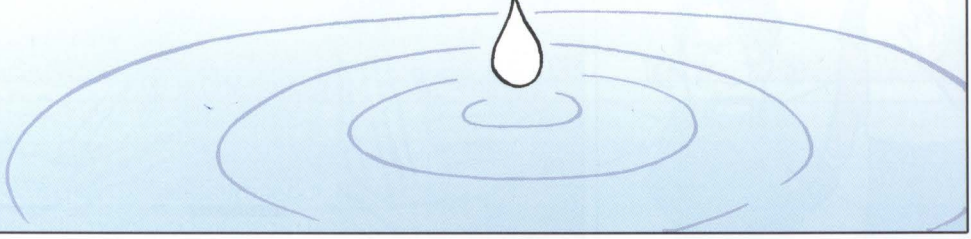
In 2005 Korea stood out as having the greatest CPI improvement among countries in the Asia-Pacific region.

but actually the K-PACT is still less than two years old.

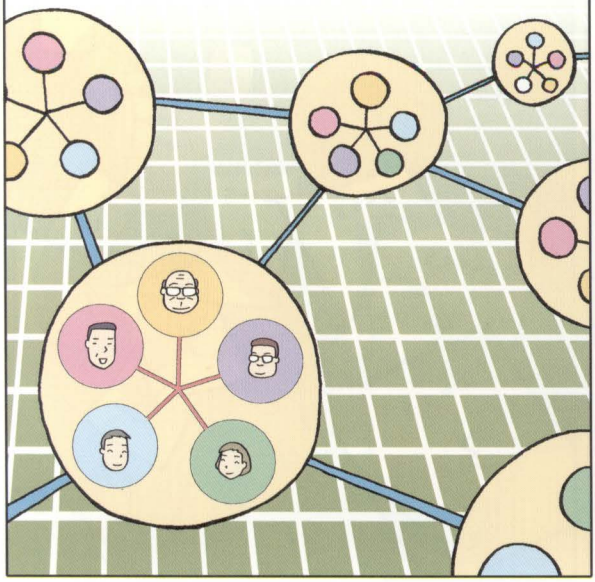
There are a lot of hurdles left to cross in order to build a transparent society.



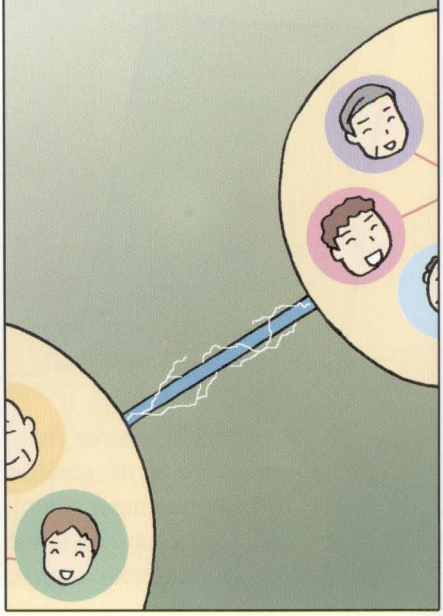
We must spread the K-PACT more widely, of course...



and should build a network that can strengthen the horizontal cooperation system that is the special feature of the K-PACT.



Such an anti-corruption network will ultimately be linked by the mutual cooperation of each sector,



which will put an end to corrupt connections between the sectors such as political–business collusion...

BANG!

and will do away with the possibility of incidents of corruption by Koreans doing business abroad.

Anti-Corruption

I thought no-one would find out if I did it abroad....

In order to achieve this, the K–PACT should extend to the Media, Labor and Legal Profession, which the public are demanding should be more transparent...

The Hankyoreh
AUGUST 8, 2006

64% Say
"Judicial Reform Ineffective"

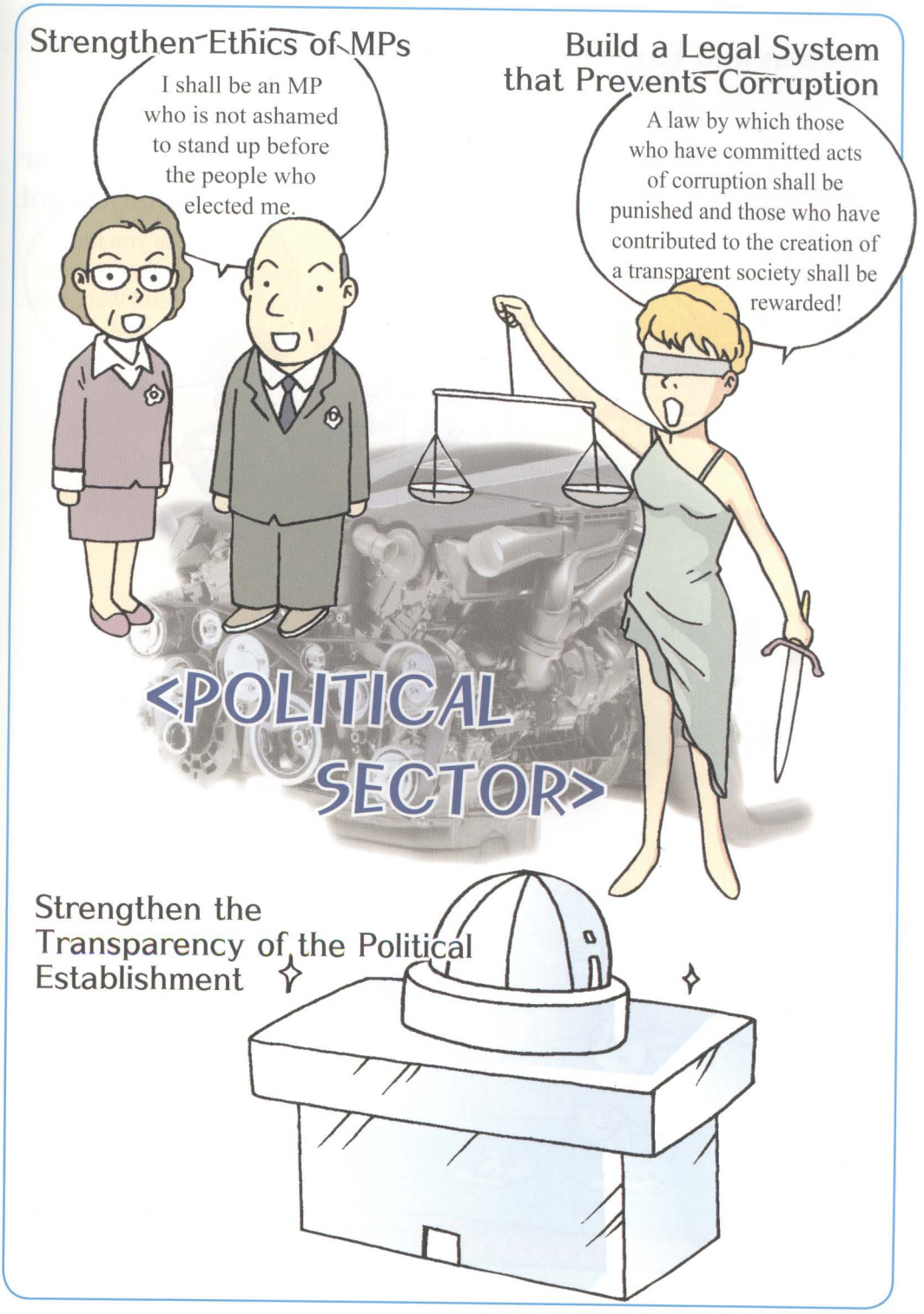
K–PACT Council & The Hankyoreh Daily co–survey

while in the various regions the K–PACT needs to put down its roots under the active leadership of civil organizations.

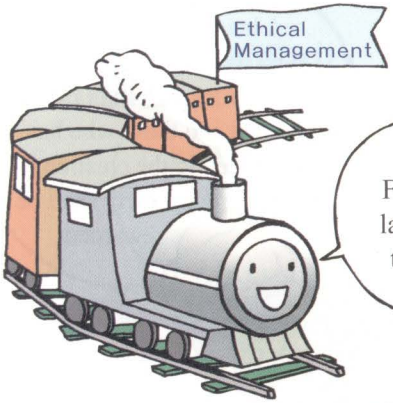
Civil Organizations

Regional K-PACT

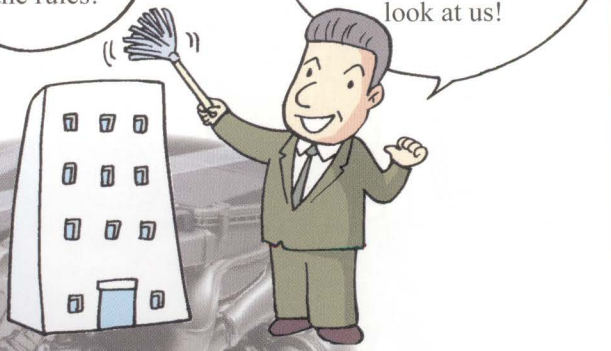
To this end it is planned that each sector, with concrete targets, will soon be playing an active role in building a sustainable anti-corruption system.


Strengthen Ethics of MPs
I shall be an MP who is not ashamed to stand up before the people who elected me.
Build a Legal System that Prevents Corruption
A law by which those who have committed acts of corruption shall be punished and those who have contributed to the creation of a transparent society shall be rewarded!
<POLITICAL SECTOR>
Strengthen the Transparency of the Political Establishment

Deepen and Expand Ethical Management

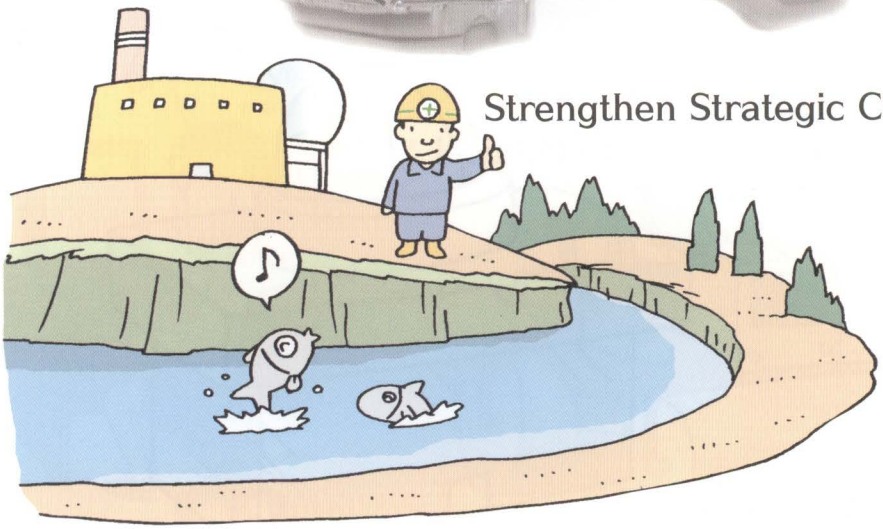


Improve Systems for Transparent Management

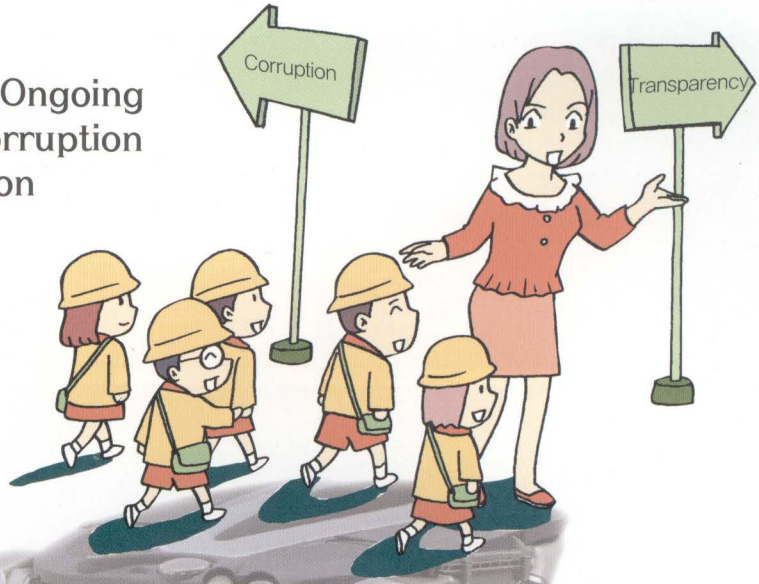


<ECONOMIC SECTOR>

Strengthen Strategic CSR



Spread Ongoing Anti-Corruption Education

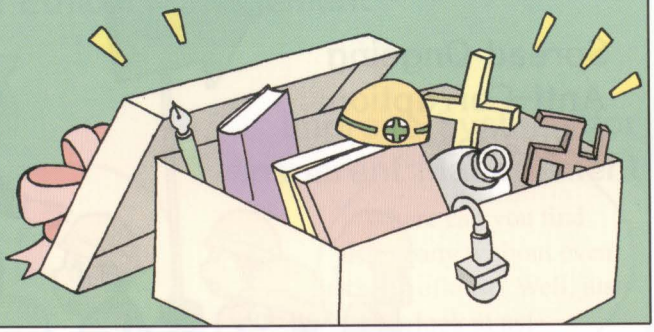


<CIVIL SOCIETY>

Improve Transparency by Participation

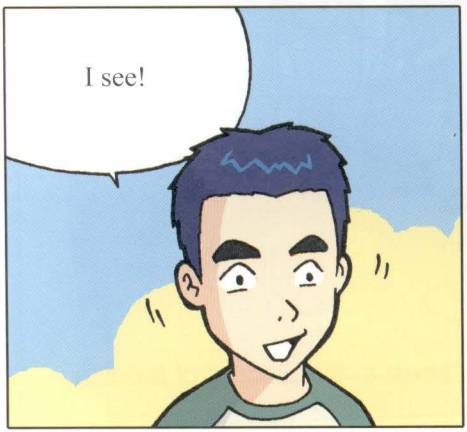
Without a doubt such activities give a powerful boost to the process of building a transparent society and competitive country.

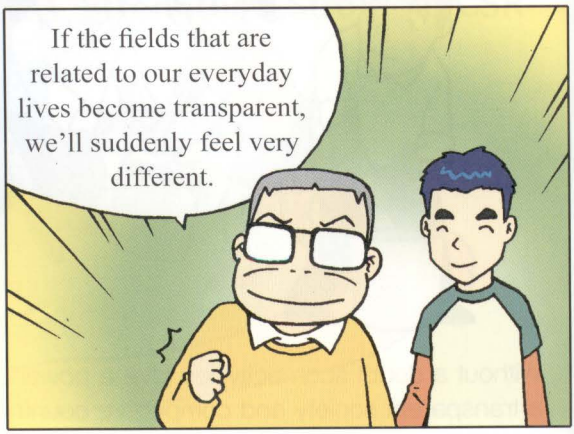
With each sector devoting its energies to the pursuit of its individual targets, it is likely that the 4 major fields of Law Media, Labor and Religion will also sign the K-PACT. This would expand it broadly...

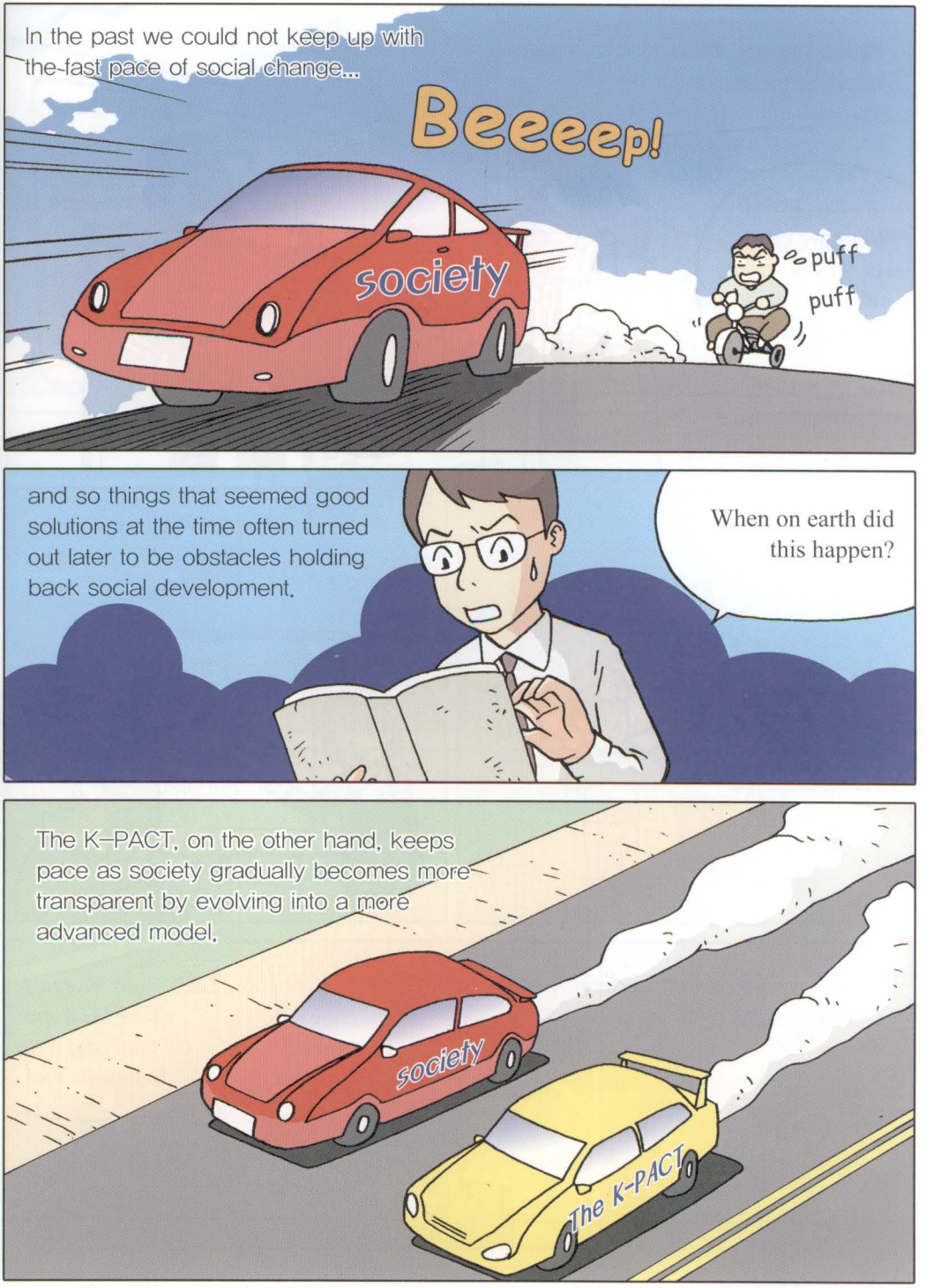


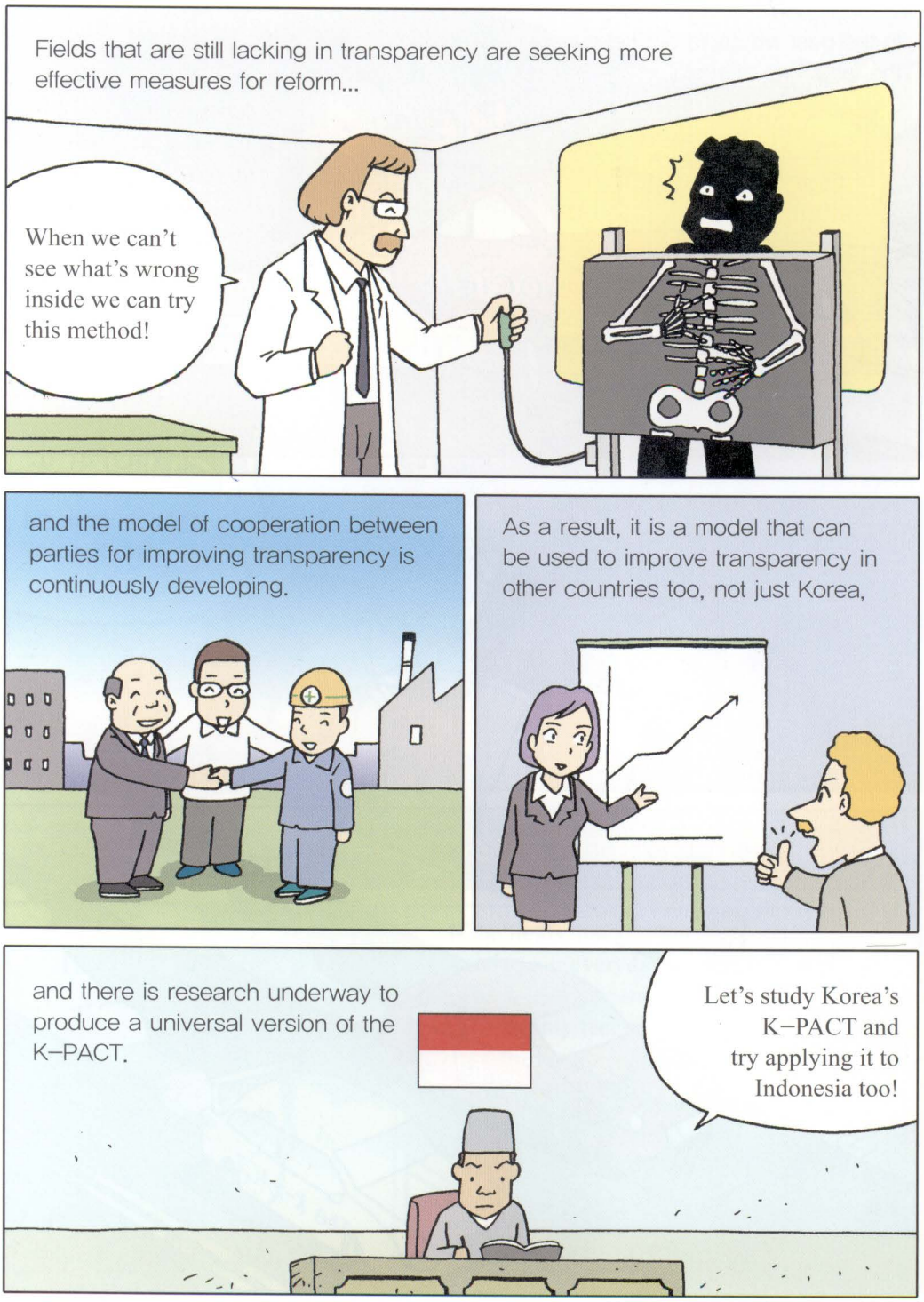
Transparent Korea

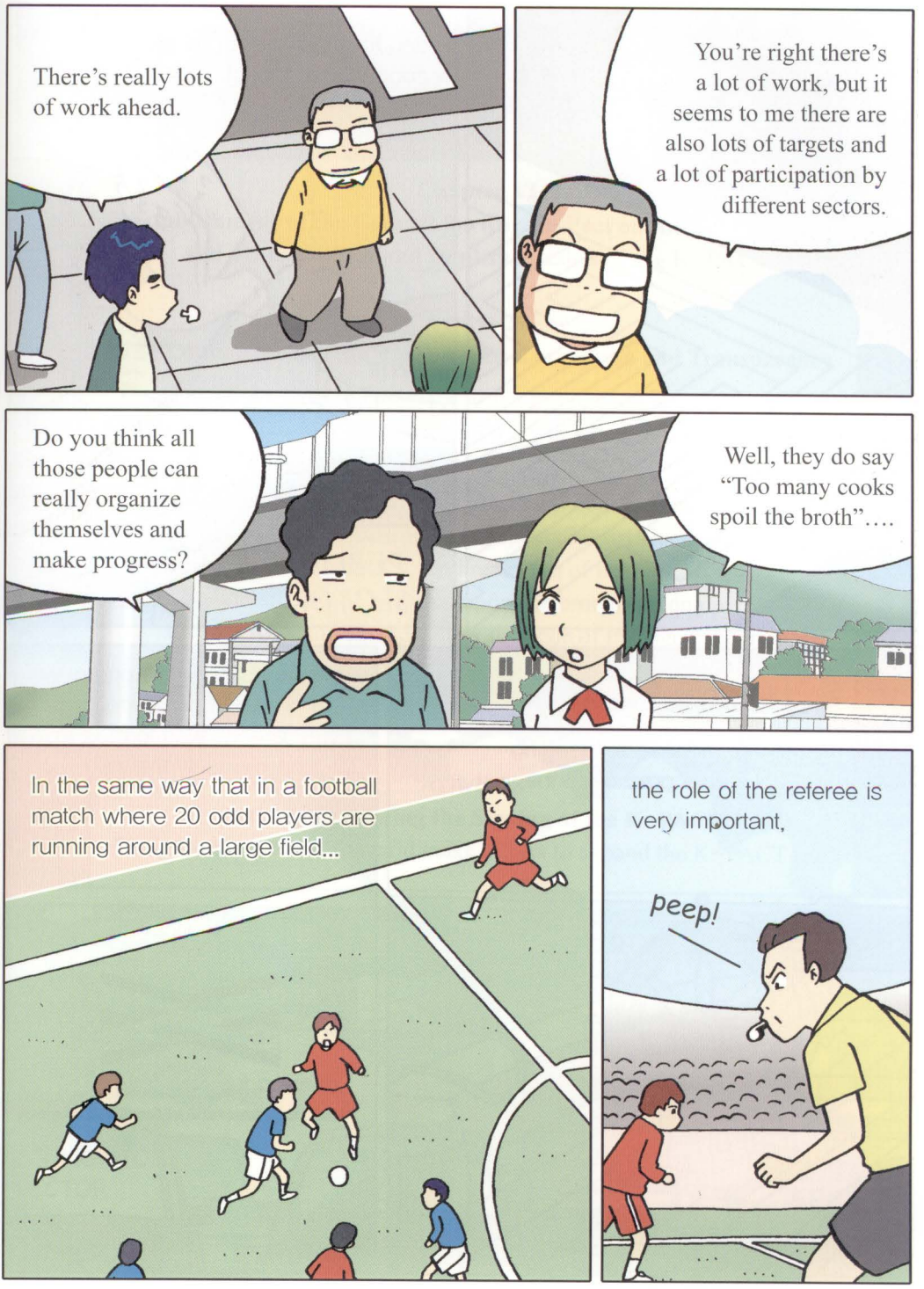
and as a result the man in the street will be able to feel more hopeful about a transparent society.






In the past we could not keep up with the fast pace of social change...
Beeeep!
society
puff
puff
and so things that seemed good solutions at the time often turned out later to be obstacles holding back social development.
When on earth did this happen?
The K-PACT, on the other hand, keeps pace as society gradually becomes more transparent by evolving into a more advanced model.
society
The K-PACT


Fields that are still lacking in transparency are seeking more effective measures for reform...
When we can't see what's wrong inside we can try this method!
and the model of cooperation between parties for improving transparency is continuously developing.
As a result, it is a model that can be used to improve transparency in other countries too, not just Korea,
and there is research underway to produce a universal version of the K-PACT.
Let's study Korea's K-PACT and try applying it to Indonesia too!


There's really lots of work ahead.
You're right there's a lot of work, but it seems to me there are also lots of targets and a lot of participation by different sectors.
Do you think all those people can really organize themselves and make progress?
Well, they do say "Too many cooks spoil the broth"....
In the same way that in a football match where 20 odd players are running around a large field...
the role of the referee is very important,
peep!

in order to ensure that the K-PACT proceeds effectively...

Transparent Society

and to assist in the process of cooperation of each sector.

CIVIL SOCIETY

ECONOMIC SECTOR

POLITICAL SECTOR

PUBLIC SECTOR

it is vital that there is some organization that performs the role of checking, evaluating, expanding and up-dating the practice of the K-PACT.

The Council for the Korean Pact on Anti-Corruption and Transparency was formed to take on precisely that role.

Together Transparent

The Council for the Korean Pact on Anti-Corruption and Transparency

Based on Chapter 6 of the K–PACT that was signed on 9th March 2005, the Council for the Korean Pact on Anti–Corruption and Transparency (K–PACT Council)

Chapter VI
Establishment of the Council for Korean Pact on Anti-Corruption and Transparency and Implementation of the K–PACT

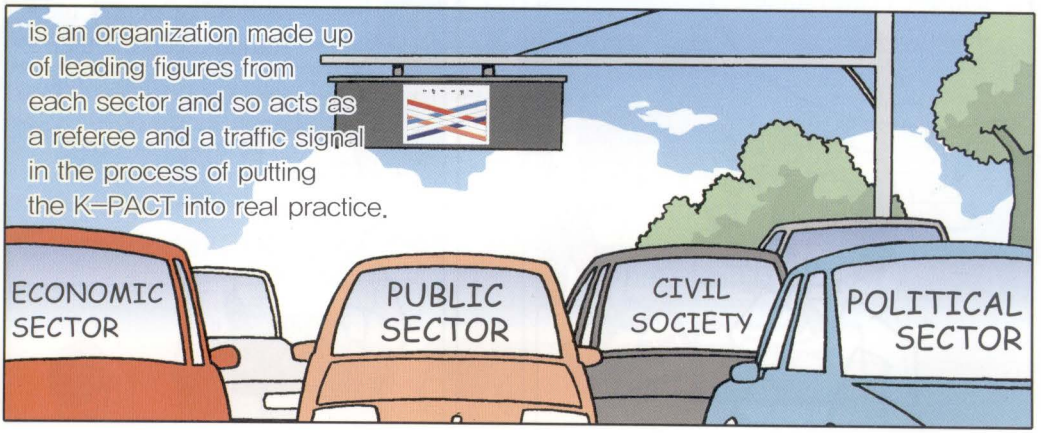
Article 27
The Council for Korean Pact on Anti-Corruption and Transparency

The Council for Korean Pact on Anti-Corruption and Transparency (hereinafter referred to as "the Council") will be established and implement the following:

1) The Council should actively raise levels of cooperation among parties to the K–PACT and fundamentally participate in checking, evaluating, disseminating and renewing of the K–PACT.
2) The Council should be based upon agreements among parties to the K–PACT and should follow the code of management arranged by the members.
3) Parties to the K–PACT should actively support the Council for a smooth operation

Article 28
Actively Promoting the Signing of the K–PACT

Parties to the K–PACT should make efforts to expand the K–PACT and



Korean Pact on Anti-Corruption and Transparency

Preamble

We, all parties to Korean Pact on Anti-Corruption and Transparency, recognize that even though we've enjoyed an accelerated growth in industrialization, democratization, informatization and globalization since the establishment of the Republic of Korea government, sustainable development has been threatened by chronic corruption in our society resulting in an unfair distribution and inefficient usage of resources. Also, we acknowledge that the corruption has resulted in a continual threatening of legalistic mechanisms and values as well as a loss of international confidence.

Moreover, the international community started full-scale anti-corruption efforts through the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 1997 and UN Convention against Corruption in 2003 etc. We agree that transparency is an important factor in national competitiveness in the era of globalization. We also agree that continual efforts to raise standards of transparency are badly needed to prevent corruption from hindering us to become an advanced society.

We commit to Korean Pact on Anti-Corruption and Transparency through legal and policy improvements to mature into an advanced society. by noticing the importance of voluntary and cooperative efforts from public, political, private sectors and civil society to overcome chronic corruption and to realize a transparent society, also, by regretting fallacious general practices and our awareness.

Chapter I **General Provision**

Article 1 Statement of Purpose

Through Korean Pact on Anti-Corruption and Transparency (hereinafter referred to as "the KPACT") we are looking forward to overcoming corruption, achieving a widespread societal advancement, and raising the national competitiveness by building confidence among members from public,

political, private sectors as well as civil society.

Article 2 Use of Terms

We define terms used in the K-PACT as follows:

1. The following are the grouping of participants: public, political, private sectors and civil society.
   A. "Public sector" includes central government agencies, local governments, public corporations and organizations related to public service.
   B. "Political sector" includes the National Assembly, local councils and political parties.
   C. "Private sector" includes for-profit corporations and business organizations.
   D. "Civil society" includes civic, social and expert groups as well as non-profit, private organizations and non-governmental organizations.

2. Parties to the K-PACT are defined as representatives from each sector that signs the KPACT, nevertheless, organizations, corporations and associations' representatives can be individually appointed as a party to the K-PACT.

Article 3 Scope of Application

Parties to the K-PACT should promote the follow-ups of the K-PACT so that it can be applied to organizations, corporations, local councils and associations for future agreements.

Chapter II **Public Sector**

Article 4 Roles of the Government

Government needs to play a central role in supporting the public and private sectors' anticorruption efforts. Also, it should actively support each sector's activities and operations for a better inner-governance, fighting corruption and enhancement in transparency.

Article 5 Improvement of Anti-Corruption Mechanisms

Government should make the best efforts to implement the following for a systematic and efficient anti-corruption mechanism.

1) Government should implement a systematic plan to prevent corruption and enhance transparency in a public sector
2) Government should rationalize its internal system and organization to meet the check and balance principles of anti-corruption focused organizations such as KICAC (Korea Independent Commission Against Corruption), Board of Audit and Inspection, Prosecution, and Public Official Ethics Committee, etc.
3) Government should stimulate Anti-Corruption Committees of Government Agencies to work out differences among governmental agencies, to perform jobs effectively, and to evaluate the outcome of anti-corruption policies.
4) Government should establish and perform composite plans including enacting and amending the legislature to ensure the effectiveness of an internal audit system.
5) Government should make policies to ensure transparency in its operation process and motivate involvements from a civil society.

Article 6 Institutional Improvement

Government should introduce and enforce the following to improve transparency in public sector.

1) Government should uphold a whistleblower protection policy.
2) Government should guarantee citizens the right to know and right to information by amending the Official Information Disclosure Act.
3) Government should increase a record for policy-making process and contents through an amendment of Public Records Management System.
4) Government should strengthen the confiscation punishment of proceeds of crime through corruption and irregularities.
5) Government should promote an overall systematic amelioration in corruption-prone areas.
6) Government should promote a policy amendment to raise adequateness and transparency of personnel promotion, management and overall operation in public corporations, government-financed organizations and government-affiliated organizations.

7) Government should establish and perform a composite plan including enacting and amending the legislature to raise the transparency of local governments.
8) Government should assure independence and fairness of audit by introducing the Citizen Ombudsman System and establishing the Audit Committee.
9) Government should strengthen transparency in finance by introducing a taxpayer's suit.
10) Government should strengthen an assessment standard for corrupt officials.
11) Government should reorganize a personnel policy by a fair, transparent and open personnel management system.
12) Government should improve irrational government regulations that abuse its bureaucratic discretions.
13) Government should establish the independent and even-handed Special Public Officials' Corrupt Conduct Investigation Office through adequate consultation with a legislative body.
14) Government should continue on its efforts to ameliorate policies to make defense procurement and an economic cooperation between South Korea and North Korea transparent.
15) Government should set up systematic mechanisms to limit the presidential power to grant the amnesty.

Article 7 Strengthening of Public Service Ethics

Government should administer the following items to strengthen the public service ethics.

1) Government should set up a system that prevents conflicts of interest that may emerge from performing public duties, to prevent corruption.
2) Government should organize a system to restrict the employment of public officials, dismissed or retired for malpractices.punishable by a fine or more severe penalty.at private companies related to their former functions.
3) Government should improve even-handedness, professionalism and effectiveness of the Public Service Ethics Commission.
4) Government should enhance the Code of Conduct for Public Officials to be strictly enforced and effectively carried out.
5) Government should take a range of measures to acknowledge public officials who strive to overcome corruption and improve transparency.

Article 8 Education Effort in Transparency

Government should confer with civil society to strengthen anti-corruption education and make determined efforts for the following:

1) Government should make efforts to encourage education for transparency in K-12, college students and business world.
2) Government should systematically develop learning materials and classes to encourage education on transparency.

Article 9 Ratification of the United Nations Convention against Corruption

For a quick ratification of UN's Convention against Corruption signed in December 2003, Government should review related laws systematically and discuss with the National Assembly.

Article 10 Support for the K-PACT

Government should support the K-PACT administratively and financially to establish a transparent society.

Chapter III **Political Sector**

Article 11 Efforts for Transparent Politics

Reconsidering its past actions of extortion and acceptance of illegal political funds, abuse of regional antagonism, indiscriminate disclosure and opaque management of political funds that disappointed the entire nation, political sector should make sincere efforts for.low cost and high efficiency.transparent politics.

Article 12 Ethics for Members of the National Assembly

Political sector should make their best efforts to attain sound and transparent political climate. The following actions are desired:

1) Political sector should amend laws related to "Immunity from Arrest" so that it would not be used as a protection for corrupt officials.
2) Political sector should strengthen the Special Committee on Ethics (hereinafter referred to as the "Special Committee") for strict examination

and punishment regarding Assemblymen' ethics.

A. Political sector should raise the neutrality of the Special Committee through participation from the third party.

B. Political sector should amend the Code and Standard of Ethics for Assemblymen to raise effectiveness of lawmakers' ethics.

3) Political sector should enhance mechanisms to prevent the conflicts of interests to improve ethics of members during their term in office.

A. Political sector should operate a system that can punish violators and reinforce the exclusion system to prevent conflicts of interests and to forbid Assemblymen from having a for-profit concurrent office during their term.

B. Political sector should introduce the blind trust system that prevents Assemblymen from multiplying their assets using authority, public position and information.

Article 13 Political Funds

The following actions should be taken to prevent the possibility of corruption regarding political funds.

1) Political sector should reorganize an ordinance and a system to block illegal political funds from entering and raise transparency in the usage of funds.

2) Political sector should introduce an ordinance to recover illegal funds to the national coffer.

Article 14 Improvement of Political Environment

Political sector should make the best efforts to deter political strife and to reduce corruption developed by a monopolistic regionalism by improving and organizing the related ordinances and system.

Article 15 Solicitation and Lobbyism

Political sector should institutionalize clean lobbyism and ban illegal solicitation and lobbyism that produce corruption.

Article 16 Support for Legislature for the K-PACT

The National Assembly and political parties should make the best efforts to promote necessary enactments for the K-PACT by establishing the Special Committee.

Chapter IV **Private Sector**

Article 17 Efforts for Transparent Management

Private sector should make the best efforts to build up an ethical management and to raise the soundness of corporations and markets by improving corporate governance and transparent accounting. Also, it should realize that a cozy relationship between politics and business, an opaque management, and fraudulent accounting practices lower the confidence in the corporation, and threaten the soundness of the market and the stability of the society.

Article 18 Strengthening of Ethical Management

Private sector should make the following efforts: creating sound business practices; strengthening voluntary ethical management; improving transparency.

1) Private sector should strengthen the regulation regarding establishing the code of ethics and the systematic education for the corporation. Also, it should include providing entertainment for benefit, excessive political contribution and conflict of interests in the code of ethics.
2) Private sector should operate a department for an ethical management to obtain satisfactory results from it.
3) Private sector should draw up an "anti-corruption map" for each party concerned to prevent corruption before-hand and presents methods of improvements to the public.
4) Corporations should make the best efforts to practice by assigning a focused category of business for their ethical management.
5) Corporations should address corruption problems with subcontractors and other corporate irregularities.
6) Corporations should make known the code of ethics to related companies and offer recognition to companies that practice it faithfully.
7) Private sector should respect and follow international business principles for countering bribery.

Article 19 Enhancement of Transparency in Accounting

Private sector should enhance transparency and liability in accounting practices.

1) Private sector should enhance its operations and audits of the Committee

by improving professionalism, neutrality and independence of the Audit Committee.

2) Private sector should actively involve in Whistleblowers Protection Policy.
3) Private sector should ensure its transparent management and accounting by obligating a certification of CEO and CFO on public documents.
4) Private sector should improve its transparency by ensuring informational disclosure.

Article 20 Improvement of Corporate Governance

Corporations should make the following efforts to improve transparency and accountability in the corporate governance.

1) Private sector should enhance professionalism and ensure neutrality of an outside director.
2) Private sector should stop illegal internal transactions and improve the system to prevent them.
3) Parties to the K-PACT should not excessively participate in considering corporate governance of each corporation. Nevertheless, parties to the K-PACT should actively promote discussions among them to reasonably adjust legal regulations and problems regarding corporate governance.

Article 21 Corporate Social Responsibility

Private sector should make the best efforts to bear corporate social responsibility through job creation, support for neglected class, and so on. It should participate in UN Global Compact based on ten principles of the human rights, labor standards, the environment and anti-corruption areas.

Chapter V Civil Society

Article 22 Roles of Civil Society

Civil society should lead the creation of an advanced culture by conquering the offering of bribes to teachers and cronyism based on school or regional affiliations. Also, it should make the best efforts for enforcement of responsibility and enhance various activities by recognizing the importance of watch and participation from civil society.

Article 23 Citizen's Charter for Transparent Society

Civil society should take the following measures to create a transparent culture.

1) Civil society should encourage a widespread participation from citizens by enacting a "the Citizen's Charter for Transparent Society" (hereinafter referred to as the "Citizen's Charter") as anti-corruption practice principles and acts standards.
2) Civil society should expand anti-corruption programs based on the Citizen's Charter.

Article 24 Strengthening of Accountability

Civil society should make the best efforts to settle down the code of ethics and to advance transparency and common interests.

Article 25 Strengthening of Education on Anti-Corruption and Transparency

Civil society should actively participate in strengthening of education on anti-corruption and transparency in cooperation with the government to inspire clean civil awareness, awakened reporting perception, and active participating spirit.

Article 26 Promotion of Citizen Participation

Civil society should take the following activities to promote involvements from citizens regarding watching and overcoming the corruption.

1) Civil society should develop movements for expeditious introduction for Citizen Participation regarding the recall system, the referendum, and taxpayer's suit, etc.
2) Civil society should enhance a legislative movement to vitalize "citizen's request for audit" and "inspection citizen's suggestion system."
3) Civil society should develop legislative movements for expansion and support for the Citizen Ombudsman.

Chapter VI **Establishment of the Council for Korean Pact on Anti-Corruption and Transparency and Implementation of the K-PACT**

Article 27 The Council for Korean Pact on Anti-Corruption and Transparency

The Council for Korean Pact on Anti-Corruption and Transparency (hereinafter referred to as "the Council") will be established and implement the following:

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3) Parties to the K-PACT should actively support the Council for a smooth operation

Article 28 Actively Promoting the Signing of the K-PACT

Parties to the K-PACT should make efforts to expand the K-PACT and signing of the Citizen's Charter from organizations, associations, and ordinary citizens. Ultimately, they should prepare follow-up measures to implement various plans.

Article 29 Addition to the K-PACT

The Committee should promote the K-PACT to the sectors that were not involved in the KPACT initially such as legal, education, religion and labor sectors.

Article 30 Evaluating the Implementation of the K-PACT

The Committee should disclose the results of the evaluation of the K-PACT in the Citizen Comprehensive Report to ensure a sustained movement Addendum

Article 31 Endorsement of the K-PACT

The K-PACT is open to the public on Mar. 9, 2005 when parties to the K-PACT.public, political, private sectors and civil society.sign the K-PACT.

Article 32 Effectuation of the K-PACT

The K-PACT will be effectuated as representatives from public sector, political sector, private sector and civil society sign the K-PACT.

Article 33 Legislation

Parties to the K-PACT should make the best efforts to finish legislating necessary decrees within this year by selecting subjects for legislating by 2005.

Article 34 Agreement for Substantial Implementation

Parties to the K-PACT agree the following clauses to guarantee practical implementations of the K-PACT.

1) Public sector should establish concrete plans by 2005.to apply the approved implementations and improvements of the policy in the K-PACT.and draw active participation and implementation from public service groups.
2) Private sector should establish concrete plans by 2005 and draw active participation and implementation from member corporations.
3) Political sector should make the best efforts to complete the legislation reforms stated in the K-PACT by 2005.
4) Civil society should make efforts to draw additional Pact from various sectors of society to expand and settle down the K-PACT as well as it should encourage wide participation from ordinary citizens.

Article 35 Dissemination and Renewal of the K-PACT

The committee should hold its annual meetings to ensure the dissemination and renewal of the K-PACT.

Signature

I hereby pledge sincerely to fulfill and implement the Korean Pact on Anti-Corruption and Transparency for the purpose of realizing clean politics, transparent corporations and an ethical government and establishing a sustainable system of national integrity with active participation of citizens.

March 9, 2005
Seoul, Korea

www.pact.or.kr/english

The Council for the Korean Pact on Anti-Corruption and Transparency
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